US telecoms
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FINANCIAL TIMES

Europe's Business Newspaper — TUESDAY NOVEMBER 22 1994 — D8523A

Saudi bank ready to agree $245m BCCI payment

Liquidators to the collapsed Bank of Credit and Commerce International are on the verge of agreeing an out-of-court settlement for more than $245m from National Commercial Bank of Saudi Arabia, the country's largest commercial bank. The deal would bring to an end one of the most significant outstanding pieces of litigation in the BCCI saga after months of discussions. BCCI was closed in July 1991 by the concerted action of global banking regulators following revelations of widespread fraud. Page 20

Alcatel-CIT chairman detained: Pierre Guichet, chairman of Alcatel-CIT, telecoms equipment subsidiary of Alcatel Alsthom, the French transport and telecoms group, was placed under detention in Paris by an investigating magistrate probing alleged false billing and overcharging of France Télécom, one of the company's largest clients. Page 20

BancOne hit by interest rate rises: BancOne, one of the biggest banks in the US, announced a one-off after-tax loss of $170m on its securities holdings, mainly because of the rise in US interest rates since February. Page 21

Brussels may act on power station: The European Commission threatened to seek an injunction to prevent work starting on a DM400m ($268m) German power station following complaints of unfair competition over the contract. Page 20

Palestinian aid a failure, says UN: The international aid programme for Palestinians was a failure, the United Nations said, warning that unless donors changed strategy there would be further violence in the Gaza Strip. Page 4

New election rules for Japan: Japan's upper house of parliament approved a reformed electoral system, to come into force on December 25. Page 5

Telekom decision postponed: The German government postponed until next month the decision on which bank will handle the international side of the DM15bn ($10bn) privatisation of Deutsche Telekom. Page 21

Electrolux may spin off metals division: Electrolux, Swedish manufacturer of household appliances, said it might spin off Gränges, its aluminium and metalworking unit. Page 22

Enron in Yemen gas talks: A delegation from Enron of the US is in Yemen to discuss investment in the gas sector, including a £2.5bn ($4.1bn) liquefied natural gas project. Page 6

Russia urged to ease trade curbs: Russia could increase its share of the world's foreign direct investment from 1 per cent to 10 per cent within five years if it reduced its internal barriers to trade and promoted a more favourable image abroad, ABB chairman Percy Barnevik said in Moscow. Page 3

IMF accused of 'scapegoating': The International Monetary Fund keeps the public ignorant of its programmes and acquiesces in a "game of scapegoating" to blame the IMF when things go wrong with a country's economy, Larry Summers, US Treasury undersecretary for international affairs said. Page 8

Emap looks at Maclean Hunter arm: Emap, the expanding newspaper, magazine and exhibitions group, said it was "seriously interested" in the European publishing operations of Canadian media group Maclean Hunter. Page 21

Ciba buys stake in Chiron: Ciba, the Swiss drug company, made the biggest corporate acquisition in biotechnology for almost five years with the agreed purchase of a 49.9 per cent stake in California's Chiron for $2.1bn. Page 21; Lex, Page 20

US and Japan halt Australian beef sales: The US and Japan have halted the sale of Australian beef after tests showed that some consignments might be contaminated with a chemical pesticide. Page 6

German industrial spending set to rise: West Germany's economic recovery will be given an extra push next year by the first increase in industrial capital spending since 1991, the Munich-based Ifo economics institute said. Page 2

Britain's non-EU trade gap widens: The UK's visible trade deficit with countries outside the European Union widened slightly last month to £410m ($672m). Page 11

Lockheed expects to win UK order: US aerospace manufacturer Lockheed said it was optimistic that the UK government would buy its latest generation Hercules C-130J transport aircraft to replace half its ageing Hercules fleet. Page 11

STOCK MARKET INDICES

FT-SE 100:	3,121.0	(-10.0)
Yield	4.11	
FT-SE Eurotrack 100	1,351.17	(+7.09)
FT-SE-A All-Share	1,550.91	(-0.3%)
Nikkei	19,121.72	(-180.84)
New York lunchtime:		
Dow Jones Ind Ave	3,816.27	(+1.01)
S&P Composite	461.83	(+0.36)

US LUNCHTIME RATES

Federal Funds:	5¾%
3-mo Treas Bills: Yld	5.475%
Long Bond	92$\frac{3}{32}$
Yield	8.141%

LONDON MONEY

3-mo Interbank	6⅛%	(6$\frac{1}{16}$)
Liffe long gilt future:	Dec 102$\frac{17}{32}$	(Dec 102$\frac{11}{32}$)

NORTH SEA OIL (Argus)

Brent 15-day (Jan)	$16.93	(16.73)

GOLD

New York Comex (Dec)	$383.6	(384.5)
London	$383.15	(384.0)

STERLING

New York lunchtime:		
$	1.56715	
London:		
$	1.5681	(1.569)
DM	2.4452	(2.4379)
FFr	8.3933	(8.3737)
SFr	2.0719	(2.064)
Y	154.282	(154.591)
£ Index	79.9	(79.7)

DOLLAR

New York lunchtime:		
DM	1.5572	
FFr	5.3440	
SFr	1.3195	
Y	98.295	
London:		
DM	1.5594	(1.5539)
FFr	5.3525	(5.3372)
SFr	1.3213	(1.3155)
Y	98.375	(98.525)
$ Index	62.5	(62.5)

Tokyo close Y 98.66

Austria	Sch32	Greece	Dr350	Malta	Lm0.60	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$18	Morocco	MDh15	S.Arabia	SR11
Belgium	BFr65	Hungary	Ft185	Morocco	MDh15	Singapore	S$4.30
Bulgaria	Lw60.00	Iceland	IKr215	Neth	Fl 4.25	Slovak Rp	KSL50
Cyprus	C£1.10	India	Rs60	Nigeria	Naira60	S. Africa	R12.00
Czech Rp	CZK50	Israel	Shk6.90	Norway	NKr17.00	Spain	Pta225
Denmark	DKr16	Italy	L3000	Oman	OR1.50	Sweden	SKr16
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Switz	SFr3.30
Estonia	EKr 20	Jordan	JD1.50	Philippines	Pes50	Syria	S£60.00
Finland	FM14	Kuwait	Fils.625	Poland	Zl 38,000	Tunisia	Din1.500
France	FFr8.50	Lebanon	US$1.50	Portugal (mainland)	Es225	Turkey	L30000
Germany	DM3.80	Lux	LFr65			UAE	Dh12.00

Heavy raid on Croatia launched in response to air attacks on Bihac enclave

Nato bombs Serb-held airfield

By Laura Silber in Belgrade and Bruce Clark in London

Nato aircraft yesterday carried out a heavy bombing raid on an airfield in Serb-held territory in Croatia, in the biggest military operation in the history of the Atlantic alliance.

The operation, launched in response to Serb air attacks on the embattled north Bosnian enclave of Bihac, involved 50 aircraft from the US, Britain, France and the Netherlands.

President Bill Clinton described the Nato action as a "strong and entirely appropriate response" to the Serb assaults. "It was the right thing to do," he told reporters in Washington.

Admiral Leighton Smith, the Nato commander for southern Europe who directed the operation, said the raid was successful and all aircraft had returned to their bases in Italy.

He said the Udbina airfield – used by the Serbs as a base for two assaults on Bihac last week – had been put out of action, although the Serbs could repair it. The Nato force also struck at anti-aircraft installations and a missile site.

Nato's effort to police the skies over Bihac – in keeping with the "no-fly zone" proclaimed by the UN – had been made impossible by the proximity of Udbina, only a few minutes' flying time from the enclave.

Officials in the Serb-controlled area of Croatia claimed the Nato raid wrecked two villages near Udbina and said locals had briefly taken two Czech UN employees hostage in retaliation.

In Belgrade, the government of rump Yugoslavia described the Nato operation as "unprovoked and irresponsible" and said it would "play into the hands of extremists and those who advocate a war option".

State-controlled Belgrade radio reported the Nato attack prominently and echoed the charge that villages had been damaged. The Serbian media have, since August, been virtually blacking out news from the war front in keeping with the more moderate line adopted by President Slobodan Milosevic.

The raid, carried out by the Atlantic alliance after receiving a UN mandate, marked a dramatic act of international co-operation after a period in which the US and Europe had been at at odds over Bosnia.

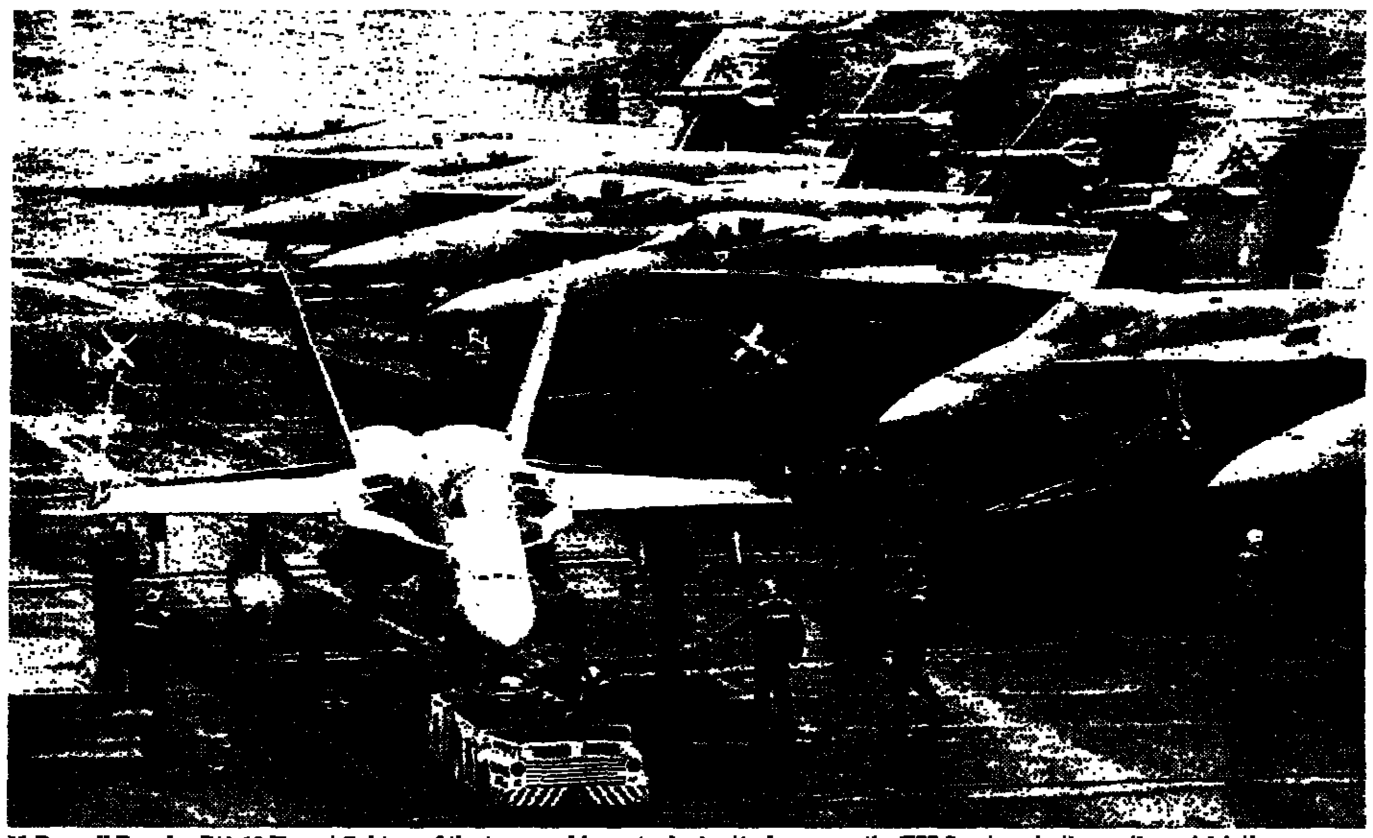
President Boris Yeltsin indicated that Russia accepted the need to take action against the Serb forces based in Croatia following their intervention in the fighting around Bihac.

Germany welcomed the Nato operation and announced that the international contact group – consisting of the US, Russia, Britain, France and Germany – would convene on December 2 to consider further moves in Bosnia.

Despite these signs of improving international co-operation, Mr Yeltsin said Russia and other European countries were still strongly opposed to the recent US decision to stop enforcing the arms embargo against Bosnia.

Mr Yasushi Akashi, the top UN official in former Yugoslavia, said the Nato action was a "necessary and proportionate response" to the air raids launched from Udbina last week in which napalm and cluster bombs were used.

UN officials stressed that they had approved the operation on Sunday morning, hours after the passage of an emergency resolution by the UN Security Council. They said bad weather had made it necessary for Nato to postpone going into action by one day.



McDonnell Douglas F/A-18 Hornet fighters of the type used in yesterday's attack seen on the USS Saratoga in the southern Adriatic Picture: Reuter

Rolls-Royce buys US military engine maker

By Simon Davies and David Wighton in London

Rolls-Royce, the UK aero-engine manufacturer, yesterday announced its largest ever acquisition, which aims to bolster its competitive position against stronger US rivals.

The $525m (£335m) purchase of Allison Engine Company, a military engine supplier, will give Rolls-Royce a US manufacturing presence and expand its product range to cover half the western military market.

The company said the deal, contingent on US regulatory approval, will be funded by a share issue. Analysts expect Rolls-Royce to make a rights issue raising more than £300m when the deal is completed next year.

Allison has a range of heavy military transport and small helicopter engines, creating almost no overlap with Rolls-Royce. The US company has also just completed a $1.8bn product development programme, leaving Rolls-Royce in a position to use its global sales and marketing network to boost sales for four new Allison engines.

The acquisition was seen by London analysts as evidence that Rolls-Royce aims to expand independently, rather than through co-operation with its larger US competitors, General Electric and Pratt & Whitney. Sir Ralph Robins, chairman, said: "This acquisition will give us a significant presence in the US, the world's most important centre of aerospace activity. Over time, Allison will become the centre of our operations in the US."

He said the acquisition would increase Rolls-Royce's earnings per share in 1995 and 1996. It would result in Rolls-Royce's second rights issue since its 1990 privatisation. A £307m rights issue in September 1993 helped fund development of its powerful new Trent engine.

Allison, a General Motors subsidiary for 64 years, was sold to a $370m management buy-out in 1993, when an offer from Rolls-Royce was turned down.

The workforce has since shrunk to 4,300 from 7,000 in 1991. However, Sir Ralph told analysts that the level of costs that could still be taken out of Allison were "almost unbelievable".

Rolls-Royce employs about to 4,200 people in North America, and there is some overlap in sales and marketing, and also research and development, where a restructuring could cut costs.

Following completion of the $1.8bn engine development programme, Allison's spending on R&D is expected to halve from $113m in 1993. This should bring it back to operating profits in 1994, after three years of heavy losses.

The Rolls-Royce link should help Allison break into the civil aviation market, where it has limited expertise.

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A base for long haul, Page 27

Soros sells UK portfolio and pulls out of property market

By Simon London in London

Mr George Soros, the international financier, is pulling out of UK commercial property only 18 months after announcing plans to make a "long-term" investment of up to £250m ($390m).

He is selling British Land the 50 per cent it does not already own in their joint venture in the UK property market for £142m in cash. Quantum UK Realty, the offshore fund set up as the vehicle for the investment, is effectively being wound up.

The joint venture has spent £600m accumulating a commercial property portfolio since June 1993. Mr Soros said yesterday: "Although we are satisfied with the real estate portfolio assembled in co-operation with British Land, as investment advisers we ... consider that more attractive long-term investment opportunities have opened up since the joint venture was formed."

Many of the funds run by Mr Soros have had a difficult year because of turbulence in currency and bond markets. Shares in his flagship Quantum fund have fallen from $25,282 to $19,670 during 1994.

The 200 shareholders in Quantum UK Realty, mostly wealthy individuals and institutions which invest in other Quantum funds, are expected to receive around £109 for every £100 invested last year.

Shares in the fund had been trading at around £102, a discount to net asset value. Quantum funds have traditionally traded at a premium to net assets.

Lex .... Page 20

Quantum said the discount was not acceptable to shareholders and had been an important consideration in the decision to wind up.

British Land and Quantum originally planned to invest invest £250m each in the joint venture, which was expected to run until 2003. Quantum also bought a 5 per cent stake in British Land which it said was a long-term holding. These shares were sold in July at a 35 per cent profit.

Mr John Ritblat, British Land chairman, said: "We have got the other half of a portfolio which we already know inside out at a good price and with no acquisition costs."

Included in the portfolio is a 29.9 per cent stake in Stanhope, the property developer which owns half of London's Broadgate office complex and is in last-ditch refinancing negotiations with its banks.

Although British Land's gearing is expected to rise to over 80 per cent, Mr Ritblat said the company had substantial credit lines and was still interested in buying Broadgate at the right price.

Property shares, which rose by 6 per cent when Mr Soros's intention to invest in UK property were announced in June last year, fell back yesterday. British Land's was among the hardest hit, falling 3 per cent to 384p.

OECD says US needs to lift rates further

By George Graham in Washington

The US will need to raise interest rates further to ease inflationary pressures coming to a head in the economy, warn economists at the Organisation for Economic Co-operation and Development.

The OECD's latest report on the US economy, published yesterday, says most indicators are now signalling the danger of a pick-up in inflation over the next year or two, and that the 2½ percentage point increase in short-term interest rates the Federal Reserve has made this year will not be enough to slow the economy to a more sustainable rate of growth over the long term.

The OECD, a Paris-based grouping representing 25 of the world's main industrialised countries, predicts that the federal funds rate, the Fed's principal short-term interest rate, will have to rise to 6¼ per cent by the end of next year.

The projection was made before the Fed's decision last week to raise rates by ¾ of a percentage point to 5½ per cent, and had not counted on such a sharp move. Nevertheless, OECD economists still expect further tightening will be needed next year. "Even though the case is by no means airtight, there is good reason to think that inflation has now reached its trough for this business cycle," the report says.

It forecasts gross domestic product growth slowing from 3.8 per cent this year to 2.9 per cent in 1995, with inflation, as measured by the GDP deflator, accelerating from 2.1 per cent to 2.8 per cent in 1995. US Treasury officials yesterday attacked the growth forecast as too high. The US official forecast is for 2.7 per cent growth next year.

While last week's interest rate increase was welcomed by most Wall Street economists, it was harshly criticised by some manufacturers who complained that the Fed could kill off the recovery in spite of the absence of any clear signs of faster inflation.

The OECD, however, finds that

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Ifo economics institute forecasts first increase since 1991 in corporate investment budgets next year

W German capital spending set to rise

By Christopher Parkes in Frankfurt

West Germany's economic recovery will be given an extra push next year by the first increase in industrial capital spending since 1991, according to the Munich-based Ifo economics institute.

Despite complaints yesterday from the BDI industry federation that results and order books were not yet strong enough to support fresh investment, the institute said corporate spending budgets would increase by a real 5 per cent to about DM78bn ($50bn).

The BDI's latest economic report said that although there was no doubt recovery was under way, weak consumer demand in the home market meant it lacked dynamism. It remained to be seen if the current export-led upswing would lead on to a dynamic investment cycle "typical of Germany's most recent economic past".

Reporting on its regular autumn survey of more than 2,000 companies which account for almost half the region's total capital expenditure, Ifo said most impetus would come from a 25 per cent surge among machinery makers and 10 per cent more spending in the automotive industry.

New cuts of up to 5 per cent were planned in aerospace, data processing, precision engineering and shipbuilding.

Although the expected improvement reflected rising profits and confidence following the aggregate 30 per cent slump from the spending peak reached in the year after unification, the institute pointed out that most of the new investment was designated for restructuring, rationalisation and replacement of old plant.

Only 16 per cent would be spent on increasing capacity, compared with 18 per cent last year and 27 per cent in 1991.

Restructuring had been the main investment goal in the motor industry since the early 1980s, the institute said, and this would once again account for more than half the sector's budgets next year.

However, it also suggested planned spending on expansion could rise in the light of rising orders and capacity utilisation. Ifo data also published yesterday showed manufacturing plant use continuing to rise rapidly during the second quarter of the year.

From 82.3 per cent in June the average rate had increased to 83.7 per cent in September, and would have been higher but for a further fall in utilisation of plant used for making non-durable consumer goods.

Meanwhile, rising factory-gate prices for products such as aluminium, steel, chemicals and other basic production goods, reported by the federal statistics office yesterday, provided further evidence of rising demand and economic revival.

Even so, the producer price index rose only 0.2 per cent in October, and stood just 1 per cent higher than a year earlier.

Shaky future for wage talks system

As the German pay round starts, fewer workers are covered, reports David Goodhart

After last year's fractious wage round in Germany's trend-setting metal industry, the signs are that 1995 will be a comparatively peaceful affair. But the rhetorical blows are being exchanged with the usual gusto.

The union, I G Metall, has demanded a 6 per cent pay rise following the restraint it it showed last year – accepting a 2 per cent rise which in turn led to a hefty drop in unit labour costs, thanks to big productivity increases in the economic upturn.

Metal industry employers complain that the recovery still leaves German labour costs at the top of the world league. They are also making their own demands for an agreement which runs for two years and a postponement of the 35-hour week due to be introduced in October 1995.

Insiders on both sides expect a settlement around 3 per cent, a bit higher if a two-year deal is accepted. The pay negotiations usually begin in the autumn and end, sometimes acrimoniously, in the early spring.

A smooth passage for the 1995 wage round does not, however, secure the long-term future of the German system of centralised pay bargaining system, as an increasing number of German companies, particularly in the east, fall outside its reach.

Although the system has taken some of the credit for Germany's post-war economic success it is now following a difficult path between flexibility and fragmentation.

Not for nothing do union officials worry these days of a Japanese-style dual labour market developing in Germany, with a core of highly paid, secure workers covered by union agreements in big companies and a periphery of insecure, poorly-paid workers in smaller companies which are not covered by agreements at all.

A kind of two-tier system has long been in place. According to the IDW economic institute, average hourly pay for a blue-collar worker is about 8 per cent above the agreed minimum. But in some companies – such as Daimler-Benz – the average rate has been closer to 50 per cent above the basic.

Insiders on both sides expect a settlement around 3 per cent, higher if a two-year deal is accepted as employers want

Officially, about 90 per cent of all employees in Germany are said to be covered by union-negotiated minimum rates, even though only about one third of employees are in unions. Privately, some union officials say the coverage of union agreements could now be as low as 65 or 70 per cent, with large parts of the service sector having grown up outside the system altogether.

"There are plenty of Handwerk [skilled trades] companies around here where people are getting paid about half the negotiated minimum for the metal industry," according to one I G Metall official based near Hanover. The official said he did not wish his name to be quoted in case his comments should be interpreted as supporting employer-friendly arguments.

Mr Joerg Barczynski, the I G Metall spokesman, claims that the metal industry employers exaggerate the number of companies who are not in the industry's bargaining association or are threatening to leave it. "It is employer propaganda to frighten us into accepting whatever they offer," he says.

Mr Dieter Kirchner, head of Gesamtmetall, the metal industry employer association, disagrees. In a recent interview he warned that more and more companies were finding creative ways to avoid agreements by establishing subsidiaries outside the system.

It is hard to know who to believe. It is generally recognised that about one-third of metal industry employers are not in the association. Some are household names such as Volkswagen and Hewlett-Packard, which still recognise unions and have their own house agreements. Most are small and medium-sized companies who have never been in the association.

A few well known companies, such as Georg Fischer the engineering company in Baden-Württemberg, have left the metal industry association in recent years because of complaints of inflexibility over fringe benefits and working time. But a survey by the metal industry employers association in Hesse – conducted just before last year's wage round – found little evidence of companies deserting the system.

Also, the greater influence of medium-sized employers in the past two years in Gesamtmetall has meant more stress on flexibility as well as strong downward pressure on some fringe benefits. An agreement – modelled on Volkswagen's – for cutting the hours and the wages of employees to avoid redundancies has been used by about 10 per cent of all companies in the past year.

But if the line has been held in the west, it may be a very different story in the east. Mr Lutz Glasewald, an official of the DGB, the union umbrella body, in Cottbus, says a lot of companies are paying well under agreed rates. "It is part of our job to sift out those who are not paying because they genuinely cannot afford to and those who are simply trying to squeeze out more profit," he says.

Mr Glasewald says most of the bigger companies in the metal industry and chemical industry associations do pay the minimum rates but more than half of the Handwerk companies, often suppliers to the bigger companies, are not in any association.

This may be part of the necessary flexibility in the east, a countervailing factor to the equalisation of wages due in 1996. I G Metall has agreed a system whereby east German companies which genuinely cannot keep pace with equalisation can be given an exemption, but only if they open their books to inspection. Few like to do that, and as a result there have been only about 30 such exemptions in the past two years.

Cement companies face big EU fines

By Andrew Taylor, Construction Correspondent

The European Commission this week may announce record fines against some of the region's biggest cement companies after a five-year investigation into alleged illegal market-sharing agreements.

European Union officials said yesterday they were very close to announcing a decision, which some observers believe could come later this week.

Some 30 companies are thought to be involved in the inquiry, which, under commission rules, could result in fines of up to 10 per cent of the European turnover of the worst offenders.

The investigation originally involved more than 70 companies. The shortened list is thought to include all the big suppliers including British, French, German and Italian companies.

It would be the fourth time this year that the fines would have been imposed by the commission for alleged market sharing or price fixing by European companies.

The commission in July imposed record fines totalling Ecu132.15m ($167.8m) on 19 carton-board producers accused of operating Europe's "most pernicious" price-fixing cartel.

In February, Brussels fined 14 steel producers more than Ecu100m for price fixing and market sharing.

Fines against cement companies, if imposed, are likely to be staggered, with lesser offenders being fined smaller amounts, as occurred in the carton-board case.

The EU investigations began in 1989 when officials staged a dawn raid on the offices of 10 leading cement producers in France, Belgium and Germany.

The raids were ordered after customers complained of a low level of cement imports in spite of large price variations between neighbouring European countries.

Imports have risen since the late 1980s but still provide a low proportion of total sales in most EU countries.

● Reuter adds from Brussels: Neither the names of companies involved, nor the size of any fines have been disclosed, officials said. The list would be drafted at the very last moment to avoid turmoil in the companies' shares.

The probe originally concerned the whole sector, including Holderbank of Switzerland, Italy's Italcementi, France's Lafarge Coppée, Belgium's CBR, Britain's Blue Circle, Germany's Dyckerhoff, and Portugal's Cimpor, along with national and European cement associations. Shares in Lafarge Coppée fell last week on a press report that the company had made no provisions for a possible fine. The French company denied the allegations.

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EUROPEAN NEWS DIGEST

Russian cash probe blocked

An international investigation into the flight of capital from the former Soviet Union has run into the ground because of the refusal of Russian officials to co-operate, it was claimed yesterday. Mr Jules Kroll, president of Kroll Associates, the leading international corporate investigative agency, described the Russian inquiry as the "most frustrating case" of his company's 22-year history. He told UK regulators attending a seminar in London that Russian security officials had held back information that would have allowed his agency to name and locate those responsible for illegally transferring funds to the west.

"We never received any feedback from their [Russian] internal security people to whom we entrusted the task of following up our leads," Mr Kroll said. This was the first time that Kroll Associates have publicly commented on the problems of one of their most prestigious and high-profile investigations. It is estimated that the apparent failure of the Russians to complete the contract may have cost Kroll up to $4.7m in expected revenue. Kroll Associates were contracted amid wide publicity in 1992 by the then Russian government led by prime minister Yegor Gaidar, who is now the leader of the reformist opposition party, Russia's Choice.

The Kroll investigation had strong support from the IMF and the Group of Seven leading industrialised countries, which were considering fresh aid for Russia at the time but were anxious about the issue of flight capital estimated to be running at $1bn. Mr Kroll told the seminar organised by the London-based financial think tank, the Centre for the Study of Financial Innovation, that his investigators had identified a series of suspect bank accounts and property holdings owned by Russians in the west. "Unfortunately we came up against a roadblock," he said. *Jimmy Burns, London*

Spring suggested for Irish PM

Labour, Ireland's junior coalition party which felled Mr Albert Reynolds' government last week, yesterday suggested that its leader should become the new prime minister. Holding the balance of power between parties that cannot rule alone, Labour is seeking to capitalise on new popularity brought about by its decision to sink Mr Reynolds in a row over his handling of an extradition case. Opinion polls show it is now the second most popular party behind Fianna Fail, which chose acting finance minister Bertie Ahern to replace Mr Reynolds as its leader. Public approval of Labour's leader, Mr Dick Spring, has shot up.

"Spring is an outstanding statesman. Few in this country would not share the view that he would make an excellent taoiseach [prime minister]," said Mr Brendan Howlin, who represented Labour in the last cabinet as health minister. Political commentators expect most or all of Ireland's parties to propose their leaders for the premiership today. Mr Howlin's comments were a strong indication that Labour may pursue a demand for Mr Spring to be prime minister when the horse-trading between parties gets under way later this week. Mr Ahern said he expected the formation of a new government to take around two weeks. *Reuter, Dublin*

Lisbon reveals sell-off plans

Portugal plans to sell shares in three or four state companies direct to foreign investors in 1995, starting with a 20-25 per cent tranche of cement group Cimpor (Cimentos de Portugal), according to Mr Francisco Esteves de Carvalho, secretary of state for finance. He told the weekly newspaper Expresso that the Cimpor shares would be offered in packages aimed specifically at European, North American and Asian investors, probably during the first quarter.

The government sold an initial 20 per cent tranche of Cimpor on the Lisbon stock exchange in July to mainly Portuguese investors for Es39.6bn ($410m). He said the stage two sale would be followed by the more complicated privatisation of 20-30 per cent of the Portugal Telecom telephone company. About 70 per cent of the Portugal Telecom shares would be targeted at foreign investors, while the remainder would be offered simultaneously to Portuguese investors at the same price. *Reuter, Lisbon*

France proposes 'stability' fund

France will use the forthcoming European Union summit at Essen to propose creation of a special fund to finance measures promoting "good neighbourliness and stability" in eastern Europe, prime minister Edouard Balladur said yesterday. Mr Balladur made the proposal in a speech opening a seminar in Paris on his plan for "a European stability pact". This is the French prime minister's main initiative in foreign policy and one which he hopes will conclude with a ministerial conference next March, in the middle of France's chairmanship of the EU and its presidential election campaign.

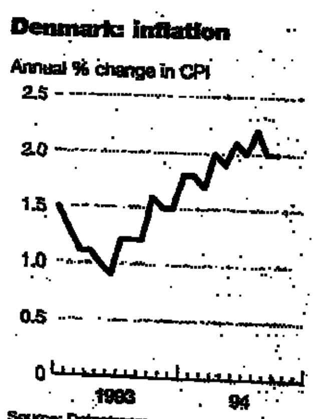
As part of the conference on European stability which opened last May, regional discussions have been held on political tensions in the Baltics and central Europe. The aim is that countries such as Hungary and Romania should to settle their minority disputes before joining the EU and Mr Balladur's new fund plan is to help, for instance, improve education facilities for the large Hungarian minority in Romania's Transylvania province. *David Buchan, Paris*

Corsica faces fraud crackdown

The French agriculture ministry yesterday promised a crackdown on Corsican farmers accused of defrauding Brussels of millions of francs' worth of subsidies. Contrary to reports from Brussels, the ministry claimed there was no question of cutting off aid to the whole island because only a minority of farmers were involved. The report by a European Commission team of inspectors which visited Corsica in September found widespread fraud. The report, leaked to Libération newspaper yesterday, said one of the reasons for recurrent forest fires on the island was that farmers turned to arson to clear mountain bush for pasture. The Commission has recommended that cattle premiums, paid out of EU and national funds, should be linked from now on to better protection of the environment. *David Buchan, Paris*

ECONOMIC WATCH

Danish prices edge upward



Source: Datastream.

Consumer prices in Denmark increased by 0.2 per cent from September to October and by 2 per cent over the 12 months to October, according to official statistics. The 12-month rate of increase was unchanged from September, but in the year to October, 1993, the rate was only 1.5 per cent. The price of coffee rose by 5 per cent from September to October and has increased by 35 per cent since June this year, the statistical office said. The rise in inflation is in accordance with government forecasts for this year. In 1995 the government expects year-on-year inflation to be a little higher at about 2.2 per cent on average. *Hilary Barnes, Copenhagen.*

■ Unemployment in the European Union was at a provisional rate of 10.7 per cent, seasonally adjusted, in September, unchanged from August and a year earlier, according to Eurostat, the EU statistics office.

■ Dutch retail sales rose a revised 1.9 per cent (from 1.8 per cent) by volume in September compared with a year ago, according to the central bureau of statistics. The year-on-year volume rise in August retail sales was revised to 2.5 per cent from 2.4 per cent.

French right wing will study primaries

By David Buchan in Paris

France's centre-right coalition parties finally agreed yesterday to study the practicalities of US-style primary elections to select a single conservative candidate to carry their colours in the race for the Elysee.

After months of desultory discussion about the dangers of a divided conservative movement losing a third successive presidential election next year, Mr Alain Juppé, foreign minister and interim president of the RPR Gaullists, and Mr François Bayrou, education minister and secretary general of the centre-right UDF federation, agreed on a joint feasibility study of primaries.

The study group would report by Christmas, Mr Juppé said, on whether primaries could be held and, if so, how. The RPR leader said there was now no time to lose, with the first round of the presidential election set for April 23 and the final round on May 7. Any primaries would have to be held "by January-February, at the outside", he said.

In the aftermath of their second defeat at the hands of President François Mitterrand, the RPR and UDF did in fact sign "a charter for primaries *a la française*" in 1991. This stipulated that their parties' members and loyalists should vote in primaries held by region and at weekly intervals ending no later than 13 weeks before the first presidential election round. But all this remained a dead letter, until very recently.

That primaries are now at least a possibility for the French right is largely due to Mr Charles Pasqua, the RPR interior minister, who has been campaigning for them for months. But up to now the problem has been that proponents of primaries have been suspected of being closet supporters of Mr Edouard Balladur, because the RPR prime minister leads his fellow Gaullist, Mr Jacques Chirac, in opinion surveys. The Chirac camp, as well as some UDF politicians, has therefore shied away from the idea of primaries as favouring the Balladur campaign.

But the steady rise in the polls of Mr Jacques Delors, the European Commission president who is weighing a Socialist presidential bid, at last seems to have convinced the Chirac campaign – of which Mr Juppé is co-president – of the need for an early end to their divisive civil war with Mr Balladur.

Primaries for the RPR and UDF would require no legislation, because they would be an internal party matter. But by the same token, organisers would not be able to use state facilities, such as town halls, as voting booths. Mr Juppé said it would also be important to prevent outsiders infiltrating the ballot and for all candidates to pledge to respect the eventual result.

Curtain raised on Franco's final scene

By David White in Madrid

Nineteen years after the Franco dictatorship ended, Spaniards have learnt in detail for the first time about the grotesque circumstances of the dying general's departure from his El Pardo palace outside Madrid.

In a documentary by the private Antena 3 television station, members of General Francisco Franco's medical team lifted a pact of secrecy to reveal how he underwent emergency surgery in primitive conditions in the palace guard's disused infirmary.

Although desperately ill, the 82-year-old leader had stayed on at the palace for weeks while the Spanish public was kept in the dark about the true state of his health. In the last week of October, 1975, medical bulletins had disclosed the seriousness of his heart condition. But Franco, who had ruled Spain for 36 years, still wanted to die in his own bed.

Surgeons described how the general, suffering a stomach haemorrhage and bleeding profusely from the mouth and nose, had to be carried downstairs in a rug since they could not negotiate the staircases with a stretcher.

The infirmary, about a kilometre away, belonged to the first world war era, complete with original glass cabinets. According to one of the doctors, there was only a dirty yellow towel to cover the general's naked body when he was placed on the operating table.

Franco: emergency surgery

And then the lights went out. The local electrician in El Pardo village had to be summoned from his bed to fix improvised lighting. One surgeon, holding up a lightbulb, received electric shocks because the floor was wet.

One astonished commentator said yesterday it was "like the infirmary at a third-rate bull ring".

The general, who surprisingly revived once his wounds were sutured, was then finally moved to the modern La Paz hospital in Madrid, where he died more than two weeks later. The contrast provides a bizarre symbol for the mixture of the modern and the archaic which characterised Spain in the latter Franco period.

The doctors denied that the general, whose final days coincided with a mounting crisis between Spain and Morocco over Spanish-controlled Western Sahara, was kept artificially alive for political reasons. It was just that old soldiers of his ilk do not die easily.

Setback for Forza Italia in local polls

By Andrew Hill in Milan

Forza Italia, the political movement founded and led by Mr Silvio Berlusconi, Italy's prime minister, yesterday sought to play down the results of Sunday's local elections which indicated the party was losing grassroots support.

The main national coalition parties – Forza Italia, the populist Northern League and the far-right National Alliance – split up to contest many of the 242 regional and mayoral elections, and suffered as a result. Of the government parties, only the Alliance was able to boast of increasing its share of the vote. The main opposition party, the former Communist PDS, also performed well.

In spite of the difficulty of interpreting the scattered local results, analysts estimated yesterday that Forza Italia's support could have slipped by 10 points since the June European elections, in which the party received more than 30 per cent of the national vote. Mr Cesare Previti, Forza Italia defence minister, said a low turnout of voters had hampered the performance of the centre parties.

Mr Gianfranco Fini, the Alliance's leader, said yesterday that the only way forward was for the feuding members of the coalition to stick together. He pointed out that had they agreed to run under a single banner they would have outscored the centre-left parties in many of the local polls.

The most closely watched contest was in the northern industrial town of Brescia, where Mr Vito Gnutti, the League industry minister, supported by Forza Italia, was beaten by Mr Mino Martinazzoli, ex-leader of Italy's former Christian Democrats, in the first stage of the two-round poll. With nearly all the results in, Mr Martinazzoli had received 41 per cent of the votes, and Mr Gnutti 26.8.

Mr Gnutti and Mr Martinazzoli will fight the second round alone, on December 4, and the final result could depend on the choice made by National Alliance supporters. The Alliance's young candidate, Ms Viviana Beccalossi, won 12 per cent of the first-round votes. This was more than expected, to the irritation of Mr Umberto Bossi, the League leader, who considers Brescia and the surrounding region his party's heartland.

Mr Berlusconi, in Naples for the opening of the United Nations conference against organised international crime, was able to draw comfort yesterday from news that his government's much-criticised 1995 budget measures had passed their first parliamentary hurdle, winning the formal approval of the lower chamber.

Italian prime minister Silvio Berlusconi (left) with UN secretary general Boutros Boutros Ghali in Naples yesterday before the start of a three-day ministerial conference on cross-border crime. The UN chief urged governments to fight back against the growing power of the world's mafias. AP

West urges Russia to ease trade curbs

By John Thornhill in Moscow

Russia could increase its share of the world's foreign direct investment from 1 per cent to 10 per cent within five years if it reduced its internal barriers to trade and promoted a more favourable image abroad, Mr Percy Barnevik, chairman of ABB, the Swedish-Swiss heavy engineering group, said in Moscow yesterday.

"The world knows about Russian oil and gas but it does not know of the advantages to be had in Russia from educated people and high technology," Mr Barnevik said following a meeting of the Foreign Investment Advisory Council, a business forum designed to assist Russia's re-integration into the world economy.

At the two-day meeting, western business leaders expressed their concerns to senior Russian officials and discussed means of attracting greater investment into Russia and promoting its exports more effectively.

The Russian team, headed by Mr Anatoly Chubais, first deputy prime minister, and Mr Yevgeny Yasin, economics minister, said they welcomed the contributions from western companies – including Ernst & Young, Mars, Coca-Cola, Thomson, BP and Procter & Gamble – and would consider implementing the recommendations.

Three working groups suggested Russia establish a more predictable tax and legislative environment for foreign investors and set up half a dozen business centres in foreign capitals to promote Russia's trade interests.

Although many of the western executives publicly praised the extraordinary openness of the Russian government at the meeting, they added in private that it was critical for Russia to act on its good intentions.

Mr Robert Wilson, chief executive of RTZ, the British mining company, said: "You cannot polish the image if the substance is not right. One of the general concerns for the mining industry, in particular, is that we have to have access to world markets, we have to have world prices and we have to be able to use a fully convertible currency."

After taking a telephone call from Mr Victor Chernomyrdin, the Russian prime minister, who is touring the Gulf states, Mr Chubais said: "It was decided that we will hold a special session of the government to discuss the working plan drawn up by this meeting."

That task will be complicated by the fierce opposition of Russian nationalists, who have complained about Russia selling itself to foreigners.

Pay rise pressures grow in France

By John Ridding in Paris

Workers at the Belfort site of GEC Alsthom in eastern France will today vote on whether to end a strike which has halted production at four subsidiaries of the Anglo-French engineering group this month.

It is one of a spate of industrial disputes over the past few weeks which have prompted concerns about a deterioration in labour relations and higher wage demands from trade unions. It follows a stoppage at Pechiney, the aluminium and packaging company, and comes amid a call by unions for industrial action in the public sector later this week.

Union officials say industrial action in support of wage claims is justified by the fact that salaries have not kept pace with improved company results and the recovery in the French economy after the recession of 1992-1993.

Industrialists and economists play down the risk of widespread industrial action. "It is a situation of sporadic rather than general unrest," said Mr François Morin, director of Lerep, the economics research institute, citing the declining trend in the number of strikes and in union membership.

However, employers express concern about the demands for higher wages. This is prompted by the rise in demands as a cause of industrial disputes. For the first time since 1990, pay demands have become the most common factor in stoppages and strikes in French industry.

At Pechiney, the strike at the company's Dunkirk smelter was ended after management agreed to increase monthly pay by between FFr450 (£54) and FFr600 (£72). At GEC Alsthom, unions are demanding that salaries for the 7,400 workers at the Belfort site be increased by FFr1,500 a month. They are helping to organise today's vote, but are urging a rejection of the management's offer to award pay rises of between FFr100 and FFr500.

INTERNATIONAL NEWS DIGEST

Democracy call by Burma rebel

Ms Aung San Suu Kyi, the detained Burmese pro-democracy campaigner, yesterday urged the UN to support democratic movements and rejected the argument, popular among east Asian governments, that authoritarian rule is essential for the development of poor countries. Ms Suu Kyi, under house arrest in Rangoon for more than five years, made her comments in a speech to a UN conference in Manila read for her by Mrs Corazon Aquino, the former Philippines president.

In the speech, Ms Suu Kyi criticised Asian and African governments for portraying democracy as a "western" concept alien to other cultures and for suggesting that economic growth was the only important issue, a view that Ms Suu Kyi said could be "a recipe for disaster". "True development of human beings involves much more than mere economic growth," she said. After years of dismissing Ms Suu Kyi as a troublemaker, Burma's military junta has recently held two rounds of talks with her in Rangoon. "Most totalitarian regimes fear change," Ms Suu Kyi said in her speech, "but the longer they put off genuine democratic reform, the more likely it is that even their positive contributions will be vitiated." *Victor Mallet, Bangkok*

S Africa may back peace force

Mr Joe Modise, South Africa's defence minister, said yesterday that the country would be prepared to take part in peace-keeping operations on the continent, provided such actions were carried out on a multilateral basis. Speaking at a conference in Johannesburg, Mr Modise said South Africa would support the establishment of regional security alliances to help prevent armed conflict in sub-Saharan Africa. But he noted that South Africa would not undertake any peace-keeping duties unilaterally. The announcement, which marks the first time South Africa has publicly committed itself to a military role outside its borders, has fuelled speculation that the country, which has by far the most powerful army in the region, might be willing to share in a peace-keeping force in Angola to help bolster the peace treaty signed last weekend. *Mark Suzman, Johannesburg*

Angola rebels warn on fighting

Angolan rebels pledged yesterday to stick to the country's day-old peace accord but said any new government offensive would torpedo the pact. No reports of fighting had been received in Luanda in the 24 hours since the pact was signed in the Zambian capital Lusaka by government and Unita rebel representatives on Sunday. The pact, intended to end 19 years of ruinous civil war, was weakened by the failure of President Jose Eduardo dos Santos and Unita leader Jonas Savimbi to sign it personally. In Lusaka, delegations from the two sides worked feverishly yesterday to stitch together agreements on how to translate words into peace on the ground. A formal ceasefire is due to come into force around 1200 GMT today. *Reuter, Luanda*

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Russia and Kuwait in accord

Kuwait and Russia signed accords yesterday to increase investment and trade of about $20m, officials said. The agreements were signed during talks between visiting Prime Minister Victor Chernomyrdin and his delegation and Kuwaiti officials, said an official who declined to be named. Mr Chernomyrdin said earlier that he would discuss his country's position on Iraq with Kuwaiti officials. *Reuter, Kuwait*

Palestinian aid programme 'has been failure'

By Julian Ozanne in Jerusalem

The international aid programme to Palestinians has been a "failure", the United Nations said yesterday, warning that unless donors urgently changed strategy, further violence could erupt in the Gaza Strip, torpedoing Middle East peace.

In his strongest and most sombre assessment yet, Mr Terje Larsen, UN under-secretary-general for Palestinian territories, said living standards in Gaza were falling "like lead"; donors were largely to blame for the looming Palestinian economic crisis.

"The situation in Gaza is more dangerous today than before the peace agreement was signed," Mr Larsen said in an interview with the Financial Times. "The gap between expectations and delivery is so large, and unless donors get together to deliver, the peace process will fail. Time is running out. We are at the edge. It could collapse any day."

Fatah Hawks, loyal to Yassir Arafat, show support for the PLO leader in Gaza City yesterday *Reuter*

Mr Larsen's remarks came as tension between Mr Yassir Arafat's supporters and the Islamic militant opposition continued on the streets of Gaza. Up to 10,000 loyalists of Mr Arafat's Fatah faction, hundreds firing guns in the air, chanted warnings to Islamic groups they blame for last Friday's internal violence which left 14 Palestinians dead.

Mr Arafat encouraged the demonstrators, calling the march a referendum on the self-rule authority he controls and on the Palestine Liberation Organisation. "The state of alert continues. You are the protectors of security, no one can take away from Fatah and the Palestinian police."

Leaders of Hamas and Islamic Jihad said they had not reached agreement with Mr Arafat on how to calm the situation since Friday's killings; each side accused the other of being "traitors".

Mr Larsen said World Bank figures showed only $140m disbursed to Palestinians this year of a total $700m (£437m) pledged for 1994. Most had gone for salaries and running costs of the Palestinian authority; only one project, to clean up Gaza, had made any impact on living standards.

"The donor effort is a failure; the strategy wrong, the priorities wrong and the timetable wrong. There has been an over-emphasis on long-term projects, but the poor and hungry and sick can't wait. If there is no food for the children and no heat for the winter, who will support the authority and the peace process?"

Donors needed to refocus aid on public works to generate employment in Gaza (unemployment 52 per cent), and where at least one-third of families live below the poverty line of $470 a year.

A public works programme worth up to $100m to provide 20,000 jobs for the next six months was needed within "weeks" to save the peace process. Mr Larsen criticised Israel's closure of the Gaza border which stops thousands of Palestinians reaching their jobs in Israel. "The policy of closure is a collective punishment. It undermines the peace experiment, donor efforts and Israeli interests. It must be stopped immediately."

Palestinians were to blame for disorganisation and inconsistency, but donors should have found ways to disburse the money they promised. "Predominantly I criticise donors, not the Palestinians."

Beirut property prices soar to sky-high limits

Laws of supply and demand seem to have little effect on rents or prices, writes **James Whittington**

The price of property in Beirut is one of the most hotly debated subjects in Lebanon today. Since the end of the country's 17-year civil war, the cost of residential and office space in and around the centre of the city has soared to unprecedented levels.

Ar the top end of the market, a 500 sq m apartment with a sea-view can be bought for $1.5m (£955,000) to $2m. Unlike similarly priced properties in the prime areas of London, Tokoyo and New York, this includes little in the way of extra facilities.

There may be limited car parking space and a porter, but there is no guarantee that street lighting or telephones will work. The surrounding roads and pavements are rarely cleaned, and within short walking distance there are likely to be huge piles of rubble from construction work which is not due to be finished before the year 2000.

Even among the wealthy Lebanese returning from abroad, few are willing to pay such prices; the odd buyer tends to be from the Saudi and Kuwaiti super-rich keen to have a second home in an Arab country. As a result, most affluent Lebanese are renting houses in the eastern suburbs or in the surrounding mountains while they wait for the costs of moving into central Beirut to come down.

Estate agents estimate that about 30,000 premium apartments, priced from $300,000 upwards, are empty in Beirut. They are becoming concerned at the prospect of a huge property over-supply at the top end of the market which shows no signs of driving prices down, while housing needs for middle to low-income earners are not being sufficiently catered for.

"There's a real estate crisis here in Lebanon," explains Mr Antoine Maroun, who heads the real estate division of the largest financial and services group in Beirut, Lebanon Invest. "There's a clear over-supply in residential housing; prices have reached astronomical figures."

The main factor driving the supply side is the high expectation that Lebanon is on the road to recovery under the guidance of its billionaire prime minister, Mr Rafik Hariri.

These have been fuelled by the successful launch of Solidere, the $1.8bn real estate and property development company which is rebuilding the centre of Beirut, and more recently, by Lebanon's over-subscribed Eurobond issue (its first ever), which last month raised $400m for the country's reconstruction programme.

"Private property developers are hoping to tap into this new-found confidence. They are rapidly putting up new units to meet a genuinely high demand for quality housing," Mr Maroun says.

The high prices are caused by the method of financing the construction work. Although there are more than 70 commercial banks in the country, long-term credit facilities, especially mortgages, are almost impossible to come by. The banks deal mostly with dollar-denominated, short-term financing for trade and commerce. Most construction projects are self-financed, with little in the way of leverage.

"Because owners are financing their buildings from their own savings, prices are not coming down. They can afford to wait for a buyer. If they were borrowing from banks, the situation would be much different, there would be a crash," says Mr Henry Tyan, general manager of Banque Nationale de Paris Intercontinentale, one of the top four banks in the country.

On the demand side, the absence of a mortgage culture severely restricts the financing abilities of potential buyers. "Because of the lack of long-term credit facilities, people can either afford to buy property outright or are forced to pay short-term interest rates on a long-term loan, which is not very efficient," Mr Riad Salameh, central bank governor, explains.

In an attempt to tackle this problem, the government has restructured the Housing Bank by reducing its stake to 20 per cent and selling the rest to a group of commercial banks.

At the end of this month, Mr Salameh says that funds of $100m from Arab and international donors will be available from the bank in the form of competitively priced, long-term mortgages to small-property seekers. Estates agents in Beirut have welcomed this move but say it will still exclude those who wish to have a mortgage of over $100,000 and, more critically, low-income and poor people.

In the teeming suburbs of southern Beirut, for instance, where hundreds of thousands of people live in squalid, over-crowded conditions, there is a huge shortage of proper housing. With high unemployment and an average income of less than $150 per month, they have little hope in paying rents, let alone becoming property owners.

Many families continue to squat in disused and damaged buildings while they wait for the government's reconstruction programme to reach them. A six-year, $280m plan has been drawn up to rehabilitate the area, including $100m-worth of funds from the Eurobond issue.

Meanwhile, the fundamentalist group Hizbollah has capitalised on the situation by providing a basic welfare system in the form of schools, hospitals, essential supplies and some low-cost housing.

Some Lebanese explain the cruel distortions in the property market as inevitable in a country recovering from a long and devastating civil war. Mr Maroun partly blames the problem on a lack of information on the market.

"We need to develop a data base to put some discipline into the market. The lack of good information is inhibiting its development," he says.

Until then, the Lebanese will have to live with the fact that too many luxurious apartments are sitting idle while hundreds of thousands of victims of the war are still desperate for a secure roof over their heads.

End of multi-seat constituencies seen as a challenge to LDP

Japanese MPs vote to reform election rules

By William Dawkins in Tokyo

Japan opened a new book in political history yesterday when the upper house of parliament gave definitive approval for a reformed electoral system, to come into force on December 25.

This finalises a comprehensive new set of political rules, under which politicians will have to compete harder for parliamentary seats than before, a threat to the conservative old guard of the Liberal Democratic party which has run Japan for most of the past four decades.

It removes an obstacle to an early general election, at a time when Japan's fragmented opposition is weeks away from forming a single new party, to combat a potentially unstable government coalition of conservatives and socialists.

Parliament yesterday adopted a bill to redraw electoral boundaries for the new electoral system, a mixture of first-past-the-post single-seat constituencies and proportional representation. It replaces a unique multi-seat constituency system, in place since 1925, which had made it possible for many politicians to get a seat with as little as 10 per cent of the vote.

Yesterday's completion of political reform is the starting signal for a power struggle within the main parties. They must now allocate candidates to the 500 seats of the new system, 11 fewer than than now.

Because of the boundary changes, the three coalition parties have been left, awkwardly, with competing candidates in 110 districts, while the opposition faces the same problem in 40 constituencies, according to a poll by the Asahi Shimbun newspaper.

One example is Gunma, a rural area north of Tokyo, where former LDP Prime Minister Yasuhiro Nakasone and the son of a former LDP leader, Mr Yasuo Fukuda, have ended up in the same single-seat district. One of them, clearly, has to offer to compete in a different constituency. That is a difficult decision, given that close ties, patiently nurtured over many years, are the traditional method of getting a parliamentary seat.

Yesterday's parliamentary decision concludes a five-year debate on political reform, triggered by the resignation in 1989 of former Prime Minister Noboru Takeshita, to take responsibility for the exchange of shares for political favours. This and other cases had provoked public distaste of the ruling class.

In an attempt to rebuild credibility, the LDP then proposed the first of a series of draft reform plans. It has taken five governments and the LDP's first period of opposition in 38 years to get the new rules on the statute book.

Japan's household spending in the three months to September rose by 0.5 per cent in real terms from the same period a year before, according to figures published yesterday by the Management and Co-ordination Agency, Gerard Baker reports. The increase was the first in three quarters, and suggests the gradual economic recovery is lifting consumption. Household spending in the month of September alone increased 2.0 per cent from a year earlier, following a 0.4 per cent fall in August, a 0.1 per cent rise in July, and five consecutive monthly falls to June. Agency officials said the increase was largely due to special income tax cuts which took effect in the summer.

Mieno dismisses fears over offshore output

Mieno: room to open further domestic financial markets. AP

By Gerard Baker and William Dawkins in Tokyo

The shift of Japanese manufacturing capacity offshore in recent years does not threaten Japan's long-term industrial performance, the outgoing governor of the Bank of Japan, Mr Yasushi Mieno, said yesterday.

It merely reflects an emerging division of labour within Asia, and as such, is even a healthy development, he declared in an interview. "The movement of production offshore is a reaction primarily to the rapid industrialisation of Asia which is creating a division of labour between basic industrial work and high-technology, highly-skilled jobs.

The changes would ensure growth prospects would improve for all countries, including Japan. Japanese industry would be "upgraded" as it focused more on the sophisticated sectors where it is most competitive.

Business and labour groups have expressed concern that the movement of Japanese investment to the rest of Asia represents an industrial "hollowing out" that will reduce Japan's long-term employment and growth prospects. "I disagree with the view that the new division of labour will reduce the potential rate of growth in the Japanese economy. The dynamism of the economy has enabled the country to overcome difficulties in the past and will do so again."

Mr Mieno, who retires next month, reviewed his five-year term, among the most turbulent in the bank's 100-year history, marked by policies aimed first at bursting the "bubble" of rapid increases in asset prices at the end of the 1980s, then at reviving the economy from the ensuing slump.

The central bank's main challenge remained the task of restoring soundness to the financial system as it continued to be burdened by bad debts, accumulated by the collapse of asset prices in the early 1990s, Mr Mieno said. The current trend of falling wholesale and retail prices stemmed from three developments: declining asset prices, the high yen's impact on import prices, and changes in the distribution system that were reducing business costs.

A risk existed import prices might have a deflationary effect in the short term, but in the longer term, if the commitment to deregulation was maintained, lower prices and costs would benefit producers.

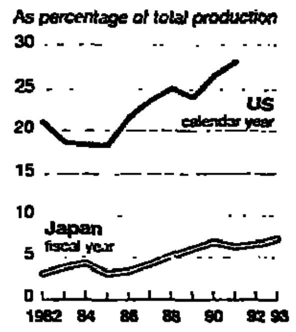
He addressed concerns that Japan was losing financial business to other capital markets because of its rigid regulatory environment. Part of the explanation was purely cyclical, linked to the weakness of Japan's economy in the past few years and the reaction to the "bubble" years. But "I have to admit room exists to open further domestic financial markets, particularly by improving the ease with which foreigners and Japanese have access to capital markets."

He identified several measures which should be taken to improve Tokyo's attractiveness, including faster deregulation and improvements to the financial infrastructure, especially Tokyo's archaic settlements systems.

If those measures were taken, Tokyo would continue its strong role as an international financial centre.

Overseas production

As percentage of total production



Source: MI   1993 Japan data is estimated

Mr Mieno repeated his pleas for the central bank's greater independence, a theme of his governorship. He expected his successor, Mr Yasuo Matsushita, to share his view it was time to change the legislation governing the relationship between the bank and the Finance Ministry.

The growing links between individual countries' monetary systems "made it more important than ever for each country to pursue policy aimed at maintaining its own economic stability."

Lifetime jobs may hurt company competitiveness

By William Dawkins

Japan's tradition of lifetime employment may impair the competitiveness and hence the creditworthiness of some its largest companies, a leading credit-rating agency warned yesterday.

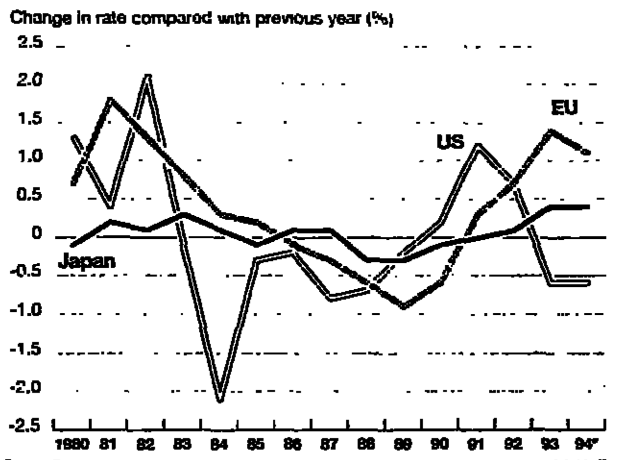
A report* by the Tokyo unit of Moody's Investors Service says the agency has already "incorporated some negative credit implications" in its ratings of sectors where Japanese companies are carrying much heavier staff costs than international competitors.

These are banking, airlines, steel, chemicals, cement, paper and pulp. If this led to a reduced credit rating, their funding costs would rise.

Moody's suspects these companies will be tempted to allocate capital inefficiently and expand sales, at the expense of profits, to be able to continue paying surplus employees. "Without decisive changes... their positions within the global market will be threatened," it warns.

Unemployment

Change in rate compared with previous year (%)



Source: Datastream   * 1st half

Lifetime employment, the preserve of Japan's top 300 to 400 companies, survived other recessions because it was seen as a competitive strength, as an aid to productivity and product quality. It may still be one for some car and electronics makers, the report says.

But growing international (especially Asian) competition, in both cost and quality, plus the legacy of excessive Japanese industrial investment in the late 1980s, has left many companies bloated compared with their closest competitors. Economists agree that Japan's economic recovery will not be strong enough to absorb the full surplus of capital and labour, the report adds.

As an example of how the need to provide jobs for life can affect managers' investment decisions, Moody's cites Japan's bulk chemicals industry. There have been mergers in this formerly fragmented sector, but the resulting economies of scale have been disappointing because the mergers were not followed by heavy redundancies.

Steel companies' performance has been harmed by their strategy of launching often poorly performing diversifications, in theme parks, memory chips and food, for the sole purpose of employing surplus staff. General trading companies have failed to close unsuccessful diversifications, while banks' earning power has been "dismal" over the past five years, partly because of their high employment costs, the report goes on.

Not all sectors have been so reluctant to cut costs, however. Several shipbuilders cut their staff by up to 80 per cent during the 1980s, some textile companies cut their work force by half, and steel companies cut head office staff by up to 60 per cent late in the decade. But it took several years of losses to force them to take the plunge and many staff were shifted to subsidiaries or affiliates, on salaries subsidised by the parent company.

Despite the high cost of lifetime employment, Moody's does not believe the system will quickly disintegrate. It is deeply entrenched because of the seniority-based salary system, whereby employees are underpaid for the first 20 years or so of their careers and then receive sharp pay rises, peaking in their 50s. In contrast, European and US salaries tend to peak when staff are in their 30s or 40s.

Several leading manufacturers tried to move away from the social contract in 1992, but this attracted bad publicity and attacks on managements' credibility from the Labour Ministry.

Others positively want to keep lifetime employment as a way of holding on to accumulated expertise. Unfortunately, argues Moody's, that is only a competitive advantage in a small number of high value-added sectors, where products and services are sold on quality rather than cost. That is patently not so in the sectors Moody's has highlighted.

Lifetime Employment and its Credit Implications for Japanese Corporations; Moody's Investors Service, Tel Tokyo 3593 0922.

NEWS: WORLD TRADE

Trade officials fear other nations may join sales ban after pesticide concerns

Australia beef exports hit by US

By Nikki Tait in Sydney

Australian trade officials yesterday sought to lessen a threat to the country's A$3bn ($2.2bn) a year beef export industry after a decision by the US to halt the sale of Australian beef until further notice.

The US action follows a temporary ban on the sale of Australian beef by Japanese retailers. Both countries acted following tests which showed that some beef consignments might be contaminated with a chemical pesticide used in cotton growing. The chemical, chlorfluazuron, is found in cotton waste which was fed to some cattle after the country's severe drought led to limited grain supplies in September and October.

According to the Cattle Council of Australia, the chemical is non-toxic and only a very small proportion of Australian cattle – those fed cotton waste from irrigated cotton – have any chance of being affected. All livestock from affected areas, predominantly in New South Wales, were being tested.

Nevertheless, the CCA acknowledged that the trade consequences for the beef industry, Australia's third largest export sector with overseas sales of A$3.2bn in 1993, could be serious. Australian officials were due to meet counterparts at the US Department of Agriculture yesterday in an effort allay US concerns and resume trade.

Japan and the US are the two biggest markets for Australian beef, accounting for three-quarters of total beef exports. But there are fears that other, smaller customers could follow the lead taken by the US and Japan.

In Darwin, Mr Bob Collins, the federal primary industries minister, said testing had shown that "the actual levels of this chemical that have been detected are very, very small. It's a question of satisfying the importing authorities and health authorities in our customer countries that we've done everything that could be expected of us in terms of containing the problem".

● The enhanced agricultural export opportunities flowing from the Uruguay trade round could be eroded or even negated if countries are given "undue freedom" to pursue unilateral environmental protection measures, the Australia's National Farmers Federation warned yesterday.

The gain to Australian farmers from the Gatt agreement has been estimated at about A$1bn a year in additional exports. However, there has been growing concern that these opportunities – the result of better market access and lower quotas – could be much reduced by non-tariff barriers dressed up as environmental protection measures.

Contracts and ventures

Enron in Yemen for talks on gas sector

A delegation from Enron of the US is in Yemen to discuss investment in the gas sector, including a £2.5bn ($4.1bn) Liquefied Natural Gas (LNG) project.

Enron had signed a memorandum of understanding with Yemen in December 1993 to exploit gas reserves estimated at between 20 and 30 trillion cubic feet in the Marib-Jawf area. But Hunt Oil, leading a consortium including Exxon and South Korea's Yukong, at the time said it had not agreed to any other company's involvement in the export of the gas it discovered in the Marib area. The issue was shelved during Yemen's two-month civil war which ended on July 7 with the defeat of southern secessionists.

Yemen's Supreme Economic Council, which gives final approval for investment projects, last week agreed to introduce new terms and conditions for gas contracts and instructed the oil ministry to re-evaluate bids from companies. The LNG project involves a main pipeline from the Marib area to either the Red Sea or the Arabian Sea as well as a pipeline from Safir in the Marib area to the capital Sanaa to meet local requirements. It also involves a liquefaction plant with an annual capacity of 5m tonnes of LNG and an export terminal. *Reuter, Aden*

■ A consortium, consisting of Kumagai Gumi of Japan and Cubiertas y Mzov and Entrecanales, both of Spain, has been awarded a HK$2.6bn ($336.3m) civil engineering contract to build an underground railway station in Kowloon, part of the 34km rail link to Hong Kong's new HK$158bn airport complex, Mass Transit Railway (MTRC) announced. MTRC also said that a German-Spanish consortium, consisting of AEG Aktiengesellschaft and CAF, has been awarded a HK$1.6bn rolling stock contract to build 11 express and 12 ordinary trains for the airport link. Thirty-one large contracts are expected to be awarded by MTRC, which is responsible for building the rail link. *Reuter, Hong Kong*

■ ABB Netzleittechnik, one of the German subsidiaries of the Swiss-Swedish engineering group, will supply a control system worth DM120m ($80.5m) for a Siberian gas pipeline. The system will manage a 76km stretch of the pipeline between Gubinsk and Yuzhny-Balyk, and includes features such as quality control and leak detection. ABB hopes to supply similar systems for the 1,013km-long pipeline. The system will be paid for by Transneft, a financing company dealing with energy projects, and operated by Sibneftegazpererabotka. *Michael Lindemann, Bonn*

■ Bombadier, the Canadian aerospace and transit equipment group, will supply 66 rail cars worth C$180m ($133.3m) for a new 170km intercity connection in Guanajuato state, Mexico. A Mexican private sector group will finance, build and operate the C$840m system. *Robert Gibbens, Montreal*

■ Northern Telecom of Canada has signed a general sales agreement worth $65m with GTE Telephone Operations to outfit GTE's US network with DMS central office switching equipment. The intitial phase of the contract includs DMS-10 and DMS-100 SuperNode equipment which GTE will use to modernise its rural and suburban networks and develop an infrastructure to use advanced services. *Reuter, Toronto*

■ Jacobs Engineering Group of the US has submitted a proposal for the US Department of Energy's Rocky Flats Environmental Technology Site contract, valued at $3.5bn over five years. Jacobs has formed a unit, Jacobs Management, to execute the contract. *Reuter, Pasadena*

Asean under pressure to speed the pace of trade liberalisation

Peter Montagnon on prospects following the Apec talks

To judge by the behaviour of Dr Mahathir Mohamad, Malaysia's prime minister, at last week's Apec summit in Jakarta, one might think that Asean, the six-nation southeast Asian group to which his country belongs, was in disarray.

Dr Mahathir took the gloss off the occasion by expressing public doubts about Apec's plan to liberalise trade and investment in the Pacific Rim by 2020. That cannot have pleased his host, President Suharto of Indonesia, a fellow Asean leader. He had set great store by agreement on this issue.

Had this been a meeting of the European Union the recriminations might have reverberated for weeks. Yet it is a measure of both the strength and the weakness of Asean that there is scarcely a hint of embarrassment. Asean countries, which also include Singapore, Thailand, Brunei and the Philippines, are used to the pragmatic view of consensus which characterised Jakarta. Apec's other 12 members may find that this continues to affect the pace at which they can move forward.

The essence of Asean's philosophy is that its members avoid coercion and collaborate only when they perceive it as being in their national interest to do so. This is in stark contrast to the way others, such as the US, see Apec. They regard it as a vehicle for cajoling governments to bargain away some sovereign rights for the sake of the general good.

Mr Hadi Soesastro of Indonesia's Centre for Strategic and International Studies admits that Asean's lowest-common-denominator approach has produced a "dismal" record on economic co-operation, but he says that, by shying away from internal tension, Asean has come to enjoy a "great sense of togetherness".

Moreover, with a population of 340m, a fast-growing economy and an import market of $226bn (£138bn) Asean has assumed considerable economic significance. "Asean is an entity that nobody can just push aside," says Ms Rafidah Aziz, Malaysia's trade minister.

Founded in response to the communist threat at the time of the Vietnam war, Asean's original concerns – typically for a group of small countries – were mainly to do with security. Over the years its collaboration has extended both formally and informally to a wide range of activities. Asean has endorsed the policy of constructive engagement with the military regime in Burma, which is most heavily promoted by Thailand and Singapore. With the end of the cold war, it has sought to refocus the debate on security through its regional forum which encompasses a range of international dialogue partners.

Now it is also trying to put together its own free trade area, an effort often dismissed by outsiders because it is basically confined to tariff reduction and is peppered with exceptions. Even after the sweeping tariff cuts in its recent budget, Malaysia still affords heavy protection to its domestic car industry. Indonesia is reluctant to expose its petrochemical and aerospace industry to full international competition.

If the bad news for Apec is that Asean is likely to resist outside pressure to speed up the pace of regional trade liberalisation, the good news is that it shows signs of doing so for internal reasons. Already Asean has added non-processed agricultural goods to the range of products covered by its free trade talks and it is reducing the time-frame for liberalisation.

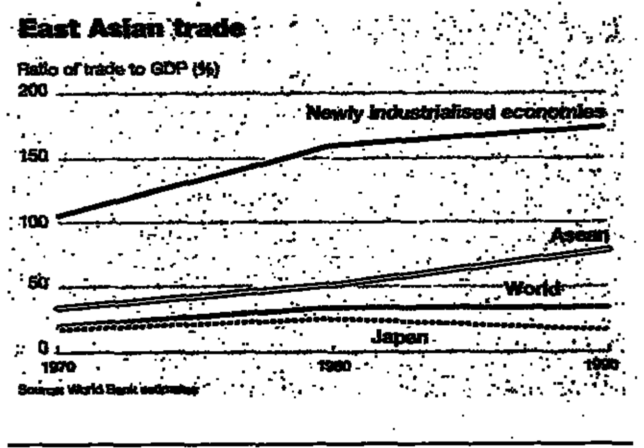
"We might be seen to be rather partial and weak, but we are making progress," says Mr Supachai Panitchpakdi, Thailand's deputy foreign minister.

Among the factors pushing Asean forward is the gradual re-emergence of Indochina. Asean will not only find itself competing with cheap labour from this quarter, but will also come under pressure to broaden its membership, starting probably next year with Vietnam. Overarching the debate will be a need to offset the growing economic and political power of China.

According to Mr Richard Grant of London's Royal Institute of International Affairs, pressure from the private sector at home, as well as the perceived success of the North American Free Trade Agreement, will also drive Asean's own liberalisation process faster than many now expect. Within seven to 10 years a "fairly complex" arrangement could be in place.

There is no guarantee, though, that the group will then warm to Apec's ambitious programme. Some argue that Asean's involvement in Apec mostly reflects a desire to dilute the influence of China and Japan in the region. Like the regional security forum, the intention is that it should remain little more than a talking shop. But the risk in the trade policy area is that another powerful member, the US, will come to dominate proceedings.

That goes a long way to explain both Malaysia's ambivalence and the predilection of most Asean countries for pushing any binding decisions back to the General Agreement on Tariffs and Trade and the new World Trade Organisation. After all, the multilateral forum is where the influence of big brothers is most greatly diluted.



Australia yesterday urged the 18 countries which signed the Asia-Pacific Economic Co-operation "free trade" agreement to instigate a regular process to ensure that their trade policies were on track, writes Nikki Tait in Sydney.

Senator Bob McMullen, the country's trade minister, said he envisaged a process similar to the Gatt trade policy review mechanism, which would help to "provide assurance that all Apec participants are moving forward towards free trade and investment".

He said that there were four main areas which needed close attention if the declaration was to be turned in action. These were the review process; the development of a dispute settlement system; agreement on industry specific measures and timing; and a decision on how comprehensive the deal should be.

INTERNATIONAL ECONOMIC INDICATORS: MONEY AND FINANCE

This table shows growth rates for the most widely followed measures of narrow and broad money, a representative short- and long-term interest rate series and an average equity market yield. All figures are percentages.

	■ UNITED STATES					■ JAPAN					■ GERMANY				
	Narrow Money (M1)	Broad Money (M2)	Short Interest Rate	Long Interest Rate	Equity Market Yield	Narrow Money (M1)	Broad Money (M2+CDs)	Short Interest Rate	Long Interest Rate	Equity Market Yield	Narrow Money (M1)	Broad Money (M3)	Short Interest Rate	Long Interest Rate	Equity Market Yield
1985	9.0	8.9	8.00	10.59	n.a.	5.0	9.3	6.62	6.51	n.a.	4.4	5.1	5.45	6.94	n.a.
1986	13.5	6.3	6.49	7.67	3.43	6.9	8.2	5.12	5.35	0.84	9.9	8.7	4.64	5.90	1.79
1987	11.6	6.5	6.82	8.39	3.12	10.5	11.5	4.15	4.64	0.55	9.0	7.3	4.03	6.14	2.21
1988	4.3	5.2	7.65	8.84	3.61	8.4	10.4	4.43	4.77	0.54	9.8	6.4	4.34	6.46	2.61
1989	1.0	3.9	8.99	8.49	3.43	4.1	10.6	5.31	5.22	0.46	6.3	5.7	7.11	6.94	2.22
1990	3.7	5.3	8.06	8.54	3.60	2.6	8.5	7.62	6.91	0.65	4.5	4.5	8.49	8.71	2.11
1991	5.9	3.3	5.87	7.85	3.21	5.2	2.0	7.21	6.37	0.75	5.1	5.6	9.25	8.44	2.38
1992	12.4	2.4	3.75	7.00	2.95	4.5	−0.4	4.28	5.25	1.00	7.0	8.2	9.52	7.77	2.45
1993	11.6	1.1	3.22	5.86	2.78	3.0	1.4	2.63	4.18	0.87	9.4	7.9	7.28	6.44	2.11
4th qtr.1993	10.5	1.4	3.34	5.59	2.73	3.5	1.4	2.14	3.57	0.84	8.6	7.5	6.34	5.83	1.79
1st qtr.1994	9.8	2.2	3.52	6.06	2.75	4.7	1.9	2.05	3.68	0.82	11.1	11.6	5.88	5.93	1.75
2nd qtr.1994	7.5	2.2	4.40	7.07	2.90	5.2	1.5	2.07	4.05	0.76	11.4	10.5	5.28	6.71	1.72
3rd qtr.1994	5.1	1.7	4.87	7.31	2.87	6.2	2.3	2.13	4.46	0.74	9.6	8.4	5.01	7.18	1.78
November 1993	10.4	1.4	3.40	5.70	2.74	3.3	1.5	2.22	3.64	0.84	8.4	7.3	6.31	5.86	1.82
December	10.1	1.7	3.35	5.74	2.74	3.4	1.4	1.90	3.25	0.89	8.1	8.8	6.11	5.71	1.69
January 1994	9.7	2.0	3.20	5.71	2.72	4.2	1.6	1.96	3.34	0.85	11.8	11.4	5.90	5.63	1.71
February	10.0	2.2	3.49	5.97	2.74	4.6	1.5	2.05	3.60	0.80	11.0	11.9	5.91	5.87	1.77
March	9.8	2.5	3.84	6.47	2.80	5.2	1.9	2.13	4.08	0.79	10.5	11.4	5.84	6.27	1.76
April	9.0	2.7	4.05	6.94	2.91	5.9	2.2	2.13	4.03	0.80	11.6	10.8	5.61	6.43	1.68
May	7.0	2.1	4.54	7.17	2.91	5.0	1.7	2.08	3.90	0.78	11.2	10.7	5.20	6.63	1.67
June	6.5	1.7	4.57	7.09	2.89	4.7	1.5	2.01	4.24	0.72	11.3	10.0	5.07	7.05	1.80
July	6.1	2.0	4.75	7.28	2.91	5.7	2.0	2.02	4.32	0.73	9.7	9.0	4.97	6.90	1.79
August	5.1	1.7	4.84	7.22	2.84	6.0	1.9	2.16	4.56	0.74	10.1	8.1	5.00	7.10	1.74
September	4.2	1.5	5.01	7.44	2.85	6.9	2.3	2.21	4.50	0.77	9.0	8.2	5.07	7.53	1.76
October	3.2	1.3	5.49	7.72	2.87	5.7	2.4	2.20	4.63	0.76			5.22	7.54	1.84

	■ FRANCE					■ ITALY					■ UNITED KINGDOM				
	Narrow Money (M1)	Broad Money (M3)	Short Interest Rate	Long Interest Rate	Equity Market Yield	Narrow Money (M1)	Broad Money (M2)	Short Interest Rate	Long Interest Rate	Equity Market Yield	Narrow Money (M0)	Broad Money (M4)	Short Interest Rate	Long Interest Rate	Equity Market Yield
1985	6.2	7.4	10.03	11.74	n.a.	13.2	13.5	14.34	13.71	n.a.	4.7	13.2	12.32	11.03	n.a.
1986	6.9	6.6	7.79	8.74	2.65	10.5	8.2	13.25	11.47	1.41	4.0	15.3	11.02	9.97	4.35
1987	4.1	9.9	8.26	9.48	2.75	10.4	9.8	11.32	10.58	1.94	4.7	14.6	9.77	9.52	3.60
1988	3.9	8.5	7.94	9.08	3.69	7.8	6.9	11.24	10.54	2.71	6.8	17.0	10.41	9.69	4.48
1989	7.5	9.5	9.39	8.79	2.88	7.1	8.2	12.41	11.61	2.46	5.9	17.5	13.98	10.30	4.38
1990	3.8	9.2	10.32	9.92	3.19	9.3	9.1	11.98	11.87	2.84	5.3	16.1	14.82	11.53	5.07
1991	−4.9	2.7	9.62	9.03	3.58	7.3	8.0	11.83	13.20	3.45	2.4	8.0	11.58	10.04	4.97
1992	−0.2	5.5	10.36	8.57	3.55	8.7	7.5	13.86	13.29	3.63	2.4	5.1	9.73	9.09	4.91
1993	1.4	−5.2	8.55	6.75	3.21	4.6	7.1	10.22	11.23	2.35	4.8	3.6	5.99	7.40	4.01
4th qtr.1993	1.4	−5.2	6.74	5.92	3.01	7.4	8.1	8.89	9.10	2.02	5.5	4.3	5.61	6.61	3.75
1st qtr.1994	2.8	−5.0	6.29	5.99	2.85	7.9	7.8	8.42	8.99	1.80	5.4	5.3	5.31	6.72	3.57
2nd qtr.1994	1.8	−4.2	5.73	7.03	2.97	9.2	7.4	7.98	9.64	1.54	6.8	5.3	5.23	8.12	4.00
3rd qtr.1994	4.0	−0.5	5.82	7.89	3.05	6.6	5.2	8.68	11.42	1.58	6.7	4.7	5.55	8.57	4.03
November 1993	−1.5	−4.3	6.74	6.02	3.07	8.7	8.8	9.06	9.34	2.15	5.1	4.5	5.96	6.77	3.84
December	1.4	−5.2	6.52	5.79	2.94	7.8	8.0	8.72	8.94	1.97	6.0	4.8	5.40	6.28	3.61
January 1994	2.2	−4.1	6.31	5.68	2.82	8.4	7.1	8.44	8.89	1.88	5.1	5.0	5.44	6.22	3.46
February	3.0	−4.7	6.30	5.93	2.81	7.8	7.6	8.37	8.78	1.74	5.4	5.3	5.27	6.61	3.49
March	2.8	−5.0	6.25	6.37	2.90	9.9	8.6	8.43	9.46	1.77	5.6	5.6	5.28	7.29	3.74
April	5.8	−4.1	6.01	6.85	2.89	10.4	8.4	8.11	9.07	1.58	6.0	5.4	5.29	7.66	3.87
May	1.2	−4.7	5.65	6.94	2.88	9.5	7.3	7.80	9.38	1.49	6.9	5.1	5.22	8.13	3.96
June	1.8	−4.2	5.57	7.48	3.14	7.7	6.4	8.03	10.46	1.57	6.9	5.3	5.18	8.54	4.16
July	4.6	−1.9	5.65	7.38	3.09	8.3	6.6	8.43	10.70	1.54	8.5	4.7	5.29	8.38	4.11
August	3.5	−1.2	5.59	7.61	2.96	6.3	5.1	8.93	11.49	1.58	6.3	4.6	5.58	8.52	3.94
September	4.0	−0.5	5.63	8.08	3.10	5.3	4.0	8.68	12.03	1.61	7.2	4.8	5.76	8.80	4.04
October			5.65	8.17	3.18			8.76	12.08	1.71	7.3	3.9	5.98	8.71	4.14

Monetary growth rates: show the percentage change over the corresponding period in the previous year, and are positive unless otherwise stated. All growth rates refer to the seasonally adjusted series except for Japan and Italy. German monetary statistics now form a continuous pan-German series. Monetary data supplied by Datastream and WEFA from central bank sources. Interest rates: short-term, period averages of US – 90-day commercial paper, Japan – 3-month certificates of deposit, Germany – 3-month Fibor, France – 3-month Pibor, Italy – 3-month Euro-lira, UK – 3-month Libor; long-term, period average yields on 10-year benchmark government bonds. Interest rates supplied by Datastream. Equity market yield: period averages of the gross dividend yield on the relevant FT-A world index.

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OECD praises US on economic growth

But warns of both macroeconomic and structural problems in the future, writes George Graham

The Organisation for Economic Co-operation and Development gives the US high marks in its annual survey* for economic performance over the last two years, but warns of both macroeconomic and structural problems in the years ahead.

"The fundamentals seem sound for the immediate future. The expansion has become more firmly established, and job creation has accelerated without the re-emergence of any wage and price pressures thus far," the OECD says in the survey, published yesterday.

The organisation says policymakers have recognised that there is very little slack left in labour or product markets and have acted early, by standards of the past, in order to head off a clear acceleration in inflation – although the OECD still believes that the Federal Reserve will have to raise interest rates further over the next year.

"Only if such action succeeds will the expansion be sustained for a longer period, avoiding the bust which inevitably follows a boom," the report says.

The OECD forecasts gross domestic product growth slowing from 3.8 per cent in 1994 to 2.9 per cent in 1995, with inflation, as measured by the GDP deflator, accelerating from 2.1 per cent this year to 2.8 per cent in 1995. It projects a current account balance worsening to $147bn or 2.2 per cent of GDP this year and to $161bn or 2.3 per cent of GDP in 1993.

But the Paris-based organisation sees cause for alarm both over the US's fiscal health in the longer term and over worsening social problems.

"Many of these problems are related to inequities: between those at the top end of the income distribution – who enjoy some of the finest health and education services in the world – and those at the bottom – who lack access to even minimally adequate social services. Only if these inequities are attended to will the long-term economic future of the nation be secure," the OECD says.

On the fiscal front, the OECD applauds the "gratifyingly significant deficit reduction" undertaken by the Clinton administration, but warns that much of this improvement is largely cyclical.

In the near term, the administration's budget projections may be too rosy, the report says, because they rely on real interest rates remaining extremely modest in comparison with the 1980s and lower than the current reality. In addition, a number of popular tax provisions such as the research and experimentation tax credit are due to expire, and will have to be paid for if they are renewed.

The OECD also questions the official budget assumption that federal pay rises will average less than 2 per cent a year for the six years from 1994 to 1999, a cut in real terms of more than 8 per cent, which is inconsistent with the declared goal of eliminating the estimated 26 per cent pay gap between government non-defence employees and their private sector counterparts over the next nine years.

US economy: near-term outlook

Annual % change	1993	1994	1995
Total domestic demand	3.9	4.4	2.7
Exports of goods and services	4.1	7.8	10.1
Imports of goods and services	10.7	11.8	7.3
GDP at constant prices	3.1	3.8	2.9
Private consumption deflator	2.5	2.3	3.4
Per cent	**1993**	**1994**	**1995**
Unemployment rate	6.8	6.2	5.8
Household saving rate	4.6	4.0	4.2
Three-month Treasury bill rate	3.0	4.2	6.0
Current account balance	**1993**	**1994**	**1995**
$bn	–104	–147	–161
% of GDP	–1.6	–2.2	–2.3

Source: OECD estimates

In the longer term, the OECD warns that much more needs to be done to cut the budget deficit.

"First and foremost, the United States remains at a serious disadvantage with respect to the rest of the world in terms of its lack of investment and especially saving, and there seems little prospect of the private sector providing much relief in this respect" since federal borrowing, although down from a peak of 87 per cent in 1992, still accounts for more than three quarters of total net credit market borrowing.

"There is, therefore, widespread agreement that the surest way to alleviate the shortage of saving is for the public deficit to be cut," the OECD says.

While noting the Congressional Budget Office's doubts about whether the Clinton administration's proposed reform of the healthcare system would in fact bring down the deficit, the OECD warns that an overhaul cannot be avoided much longer.

"Differences of view on the design of healthcare reform must not become a stumbling block to the enactment of any significant reform programme. For without a comprehensive overhaul of some sort, spending pressures are likely to remain unabated, while inequality of access to adequate care will continue to increase," the report says.

Noting the worsening financial projections for Social Security and Medicare, which respectively provide pension payments and health insurance to the elderly, the OECD also urges action to control entitlement spending.

"The longer that action is delayed to deal with these solvency problems, the more draconian the solutions will have to be," the report says.

The survey also provides some support for suggestions by some leaders of the new Republican majority in Congress for scrapping taxes based on corporate and personal income in favour of a consumption-based tax.

This might expand the tax base, the OECD says, because all the credits, loopholes and tax expenditures contained in the current system will cost the government as much as $436bn this year.

"To put it another way, as much as 37 per cent of the tax base has been eroded. Reversing that erosion would allow the same revenue to be raised with lower statutory rates which presumably would be less distortionary," it notes.

** OECD Economic Survey of the United States. Available from OECD, 2 rue André Pascal, 75775 Paris Cedex 16, France; or HMSO, PO Box 276, London SW8 5DT, UK; or OECD Publications, 2001 L Street NW, Suite 700, Washington DC 20036-4910.*

IMF accused of 'game of scapegoating'

By Nancy Dunne in Washington

The International Monetary Fund conspires with its client governments to keep the public ignorant of its programmes and acquiesces in a "game of scapegoating" to blame the IMF when things go wrong, according to Mr Larry Summers, US Treasury under-secretary for international affairs.

In a speech prepared for delivery before a group of parliamentarians from 18 countries yesterday, Mr Summers called on the IMF and member governments to forgo the traditional secrecy of Fund programmes to build public support for difficult adjustments.

"Adjustment programmes are negotiated in secret," he noted. "The governments' letters of intent are not made public. Background documentation is never released. For the poorest countries, the medium-term economic scenarios prepared by Fund analysts have not been given to the public either."

The advantage of working behind closed doors was that governments could blame the IMF, portray it as a "cabal of foreign capitalists", when the pain of adjustment hit.

The parliamentarians have oversight responsibility of their governments' contributions to the multilateral lending institutions. The meeting was hosted by Congressman Barney Frank, chairman of the House banking sub-committee. He will lose that job when the new Congress convenes under Republican control next year, but numerous Republican members are suspicious of the multilateral banks and will be demanding reforms.

Mr Summers said IMF reviews of its members' macroeconomic policies should be made public. "Government policies only change when the public understands the need for change and participates in the dialogue." The IMF should release background documents related to completed adjustment programmes, to let outside experts "evaluate and improve the quality of its programme design and policy advice".

In contrast to the Fund, the World Bank had made strides in efforts to open up. Since the controversy over the Narmada dam project in India, the bank had opened information centres in London, Paris and Washington, which are supposed to provide assessment of projects two years before they come to a vote. This gives non-governmental organisations an opportunity to work constructively with it.

But there is still resistance "within some Bank quarters", Mr Summers said. "The Bank is still not meeting deadlines for making the project assessments available. Too many of the assessments are superficial and are not updated regularly." Furthermore, the Treasury is hearing from groups which have had difficulty getting project assessments.

New evaluation procedures established by the Bank have raised questions about the proposed Arun dam in Nepal, Mr Summers said. A new independent inspection panel, created by the Bank in 1993, has been asked to investigate the proposal. The World Bank had committed itself to zero real growth and slashed its soaring expense accounts, but still too much spending occurs that can be traced to its "formerly bloated culture", he declared.

Report highlights inequalities in education

By George Graham in Washington

The US federal government needs to take on more of a role in compelling individual states to iron out the inequalities in the US education system, the Organisation for Economic Co-operation and Development says in its annual survey of the country's economy.

Primary and secondary education are "mediocre at best", the report says, and inadequate funding for education in economically deprived areas has contributed to social problems requiring costly intervention in areas such as welfare and law enforcement.

"The states have imposed significant costs on society through their decades-long neglect of the education of children from less-advantaged communities. US society now finds itself in a situation where whole communities experience massive educational failure at a time when the economic penalties for such failure are growing," the OECD says.

International comparisons show US school students' performance is generally lower than other countries, especially in mathematics, where the average US student at 13 lags an average French student of the same age by about 18 months of schooling.

But the disparities within the US are much wider than the gaps between the US and other countries.

Children in Iowa and North Dakota rank second and third to Taiwan in international comparisons of mathematics skills, with Minnesota, Maine and New Hampshire not far behind. But Mississippi ranks at the bottom of the OECD's listings, behind Jordan; and Louisiana, Alabama and Arkansas fared only a little better.

The OECD suggests the US is looking in the right direction with recent attempts to define national educational standards in the Goals 2000 programme first agreed between the state governors and former President George Bush and turned into legislation under President Bill Clinton.

Such standards are important, although "little can be taken for granted in the debate on curriculum content in the United States", the OECD says, noting in a quizzical footnote the continued efforts of Christian fundamentalists to block the teaching of the theory of human evolution.

It is, however, sceptical of how good the results will be. Goal 5, the OECD notes, calls for US students to be first in the world in science and mathematics achievement by the year 2000 – which would require them to make up a lag equivalent to two years of schooling in just six years.

More particularly, the OECD notes that there will be virtually no change in the amount of money spent on education under the Goals 2000 law, and little difference in its targeting.

Dole disowns Helms remarks on abilities of president

By Jurek Martin in Washington

Senator Robert Dole and other senior Republicans have distanced themselves from weekend comments by Senator Jesse Helms of North Carolina that President Bill Clinton was unfit to be US commander-in-chief and that this view was shared by leading members of the military.

Mr Dole said that, whatever reservations he may have held earlier about the president, "he's up to the job now."

Senator Orrin Hatch of Utah said that the president had "been doing better for a while" and that it was incumbent to support the commander-in-chief, whoever it was.

Mr Helms, probably the most right-wing member of the Senate, is likely to take over as chairman of the foreign relations committee.

He has already threatened to make trouble for the president's foreign policy if a vote on the Gatt treaty is not postponed until next year.

His weekend interview drew an instant rebuttal from General John Shalikashvili, chairman of the joint chiefs of staff, and an even more incendiary reaction from Mr Leon Panetta, White House chief of staff.

Mr Panetta described Mr Helms as an extremist with "reckless" views and recalled his long support for apartheid in South Africa.

His remarks, he said, sent "terrible signals" to US enemies overseas, to US servicemen and "to kids in our country who are taught to respect the president".

Senator Jesse Helms: said President Bill Clinton was unfit to be US commander-in-chief

Governors warn Congress on ideology

By Jurek Martin in Washington

The ascendant new class of Republican governors have begun warning their party colleagues in Congress not to pursue an ideological agenda to the point of undermining their ability to manage their states.

The specific message from a weekend meeting of present and newly-elected governors in Williamsburg, Virginia, was that the Republican congress should not be sidetracked by issues such as voluntary prayer in schools, draconian welfare reform and the constitutional amendment to balance the budget.

Governor Pete Wilson of California said the states "are not colonies of the federal government". Governor John Engler of Michigan put it more bluntly. "If we don't deal with the economic issues, we'll need more than prayer to solve our problems."

Republicans gained 11 governorships in the mid-term elections two weeks ago and now control 30 of the 50 states and eight of the largest nine, with Florida the single exception. Republicans are also now in the majority in about half the state legislatures.

In a joint press conference and in other interviews, several seemed concerned that so much attention has been focused in the past two weeks on the legislative agenda promulgated by Congressman Newt Gingrich, likely next Speaker of the House.

Governor Christie Whitman of New Jersey thought a constitutional amendment to reintroduce voluntary prayer into schools was a poor idea, while Mr George W. Bush Jr, governor-elect of Texas, though not opposed to the idea in principle, objected if it were imposed on his local school districts by Congress.

Governors Whitman and Wilson also urged the Republican Party not to adopt strong anti-abortion positions, both in any legislation before Congress and in framing the 1996 party election platform.

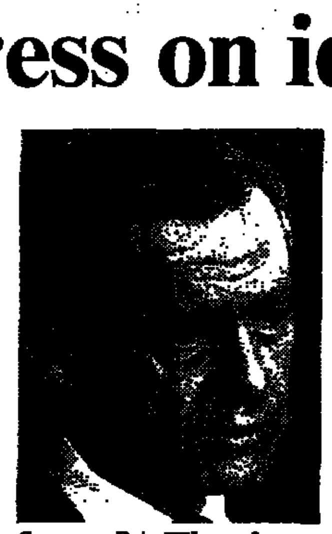
Governors George Voinovich of Ohio and Bill Weld of Massachusetts were openly nervous that a constitutional amendment to balance the budget might merely constrain state financial resources further.

Both said that any amendment should contain language freeing the states of the obligation of enforcing federal programmes for which insufficient funds were made available.

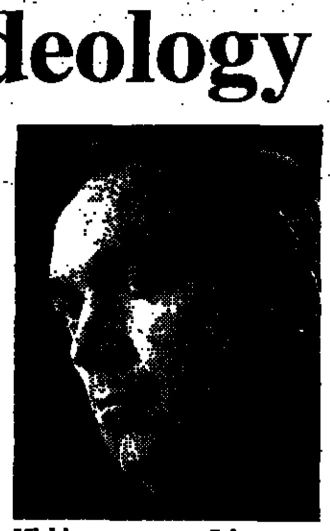
Governor Tommy Thompson of Wisconsin was critical of Mr Gingrich's notions on welfare reform, which would severely limit the time spent on public assistance and which would deny benefits to unmarried teenage mothers, and their children, who, he has said, might be placed in orphanages.

Mr Thompson expressed a preference for more extensive block grants to states to administer programmes as they thought best. "Each of us in our own way has gone to Washington on bended knee, to get a waiver in order to do something." This "mating dance," he suggested, should come to an end.

There is nothing new in the Republican desire for greater state autonomy. President Bill Clinton has often spoken of the states as "the laboratories of the nation" and has, not always at the margins, encouraged them to develop their own social programmes, especially in healthcare.



Governor Pete Wilson of California: states "are not federal government colonies"



Michigan governor John Engler: "We'll need more than prayer to solve our problems"

But the present crop of governors, new and old, have not been reticent in pointing out that they won office on their own records and ideas, and not by wholehearted embrace of Mr Gingrich's radical 10-point "Contract with America" designed for candidates of the House.

Some of them, including Governors Wilson, Whitman, Weld and Thompson, are seen either as possibilities for the party's national ticket in 1996 or as influential in shaping both the ticket and its policies. Control of the larger states is an immeasurable Republican advantage in the next presidential election.

Governor Whitman, a rising star since her election last year and her subsequent implementation of tax-cutting initiatives, said: "I hope Congress understands that what got everyone elected this year was fiscal issues."

Pay rises in line with prices stoking inflation

Brazil under pressure on indexation

By Angus Foster in São Paulo

Inflation in Brazil is expected to remain higher than hoped until the end of the year, and is adding to pressure for the government to outlaw the use of indices which keep salaries and taxes rising in line with prices.

The private Fipe research institute announced yesterday that inflation between October 16 and November 15 rose to 3.45 per cent, compared to less than 1 per cent in September after the introduction of a new currency, the Real.

The government's official inflation figure for the period, due to be published later this week, is likely to show inflation rising from 1.86 per cent in October to about 3 per cent.

The rise stems partly from one-off factors such as rent reviews and higher food prices after a drought, and the inflation rate is expected to fall slightly next month.

Fernando Henrique Cardoso: advisers studying how to remove or modify indices

> Congressmen oppose dropping indices because they believe many workers lack sufficient bargaining power

But unexpectedly high inflation in the government index, known as the IPC-r, is worrying because, according to law, salaries have to be increased in line with the index.

The IPC-r has risen nearly 20 per cent since the Real's launch, leading to a bumper pay rise for workers with pay reviews. The increased salaries are also probably adding to inflation by stoking consumer demand.

Before launching the Real, the government was forced by Congress to accept the link between salaries and the index. Congress feared inflation would otherwise eat away at workers' spending power. The government was worried about its tax revenues and ruled that overdue tax payments would be increased in line with inflation, as measured by a separate index.

Advisers to Mr Fernando Henrique Cardoso, due to take over as president on January 1, are now starting to study how to remove or modify these indices, which most economists agree fan inflation. One idea is to allow companies to negotiate wages directly with their workers, instead of relying on industry-wide union agreements and indices.

However, persuading Congress to accept such measures will be difficult, especially since the government had aimed for monthly inflation of only about 1.5 per cent for this year. Many congressmen, and some ministries, oppose removing indices because they believe Brazilian workers do not have sufficient bargaining power against their employers.

Ecuador determined to open public sector

Government is pushing ahead with a host of opportunities for private investors, says Raymond Colitt

Despite considerable political opposition and legal obstacles, the Ecuadorean government is pushing ahead with measures to open its public sector to private investors.

While strategic sectors such as telecommunications and electricity still require legislation before state monopolies can be put on the block, a host of concession contracts will be offered to private investors in other sectors traditionally operated by the state.

One such move is to have the private sector manage the country's principal roads. A request for tender to operate large tracts of the Pan-American highway, which connects the country with its northern neighbour Colombia and with Peru to the south, will be held in December.

The contracts for 10 of the most profitable sections of the road could be worth in excess of $100m in annual revenues.

The government says it can no longer afford to maintain the road, which is in a dismal state and requires an estimated $45m in annual upkeep. Less lucrative routes are later to be offered to public/private joint ventures.

Some 14 enterprises, most of them foreign, have shown interest in the bid, but there are concerns that protests by motorists against road tolls, a novelty in Ecuador, may well cause repeated closures.

The state modernisation council, Conam, also announced bids in coming months for several municipal drinking water projects. This opens a host of opportunities for the private sector to build and operate water purification plants in some 200 municipalities throughout the country. In the coastal city of Esmeraldas a private company has already been granted the operation of a drinking water plant it had constructed.

The Guayaquil port facilities, currently operated by the military-dominated port authority, are to be offered in concession in the first half of 1995. The port of Guayaquil, which moves some 4m tonnes of cargo annually, is the first of several Pacific ports on the privatisation list.

Despite considerable opposition to the construction of a $600m oil pipeline, one of the largest infrastructure projects in the history of the country, the government remains determined to go ahead with the 15-year build-operate-transfer concession.

After the impeachment of one energy minister and parliament's intention to vote out of office a second over the issue, the government has had once again to postpone the bidding process until January 1995.

A consortium of Prudential Securities and the international airline consultant SH&E is to launch an international road show, promoting the sale of a 50.1 per cent stake in the Ecuatoriana airline via a special auction to a pre-selected group of buyers. It is hoped to sell an additional 25 per cent stake on the stock exchanges in Quito and Guayaquil.

Conam officials decided that Prudential's recent settlement of charges brought by the US government related to the sale of high-risk limited energy partnerships to small investors in the US during the 1980s would not affect diminish its ability to promote Ecuatoriana.

> 'With basic political stability, we're on our way to becoming Latin America's next emerging market'

Meanwhile legislation that would allow for the sale of a 45 per cent stake in the telephone company Emetel is awaiting congressional approval. This proposal is more likely to be approved than the government's own telecommunications law, which was rejected in July. The current proposal was presented by the opposition Social Christian Party, the strongest faction in parliament. Mr Mauricio Pinto, president of Conam, says he expects to offer Emetel shares 16 months from now.

Mr Pinto is equally confident that a good portion of the state electricity sector can be privatised before the government's term runs out in mid-1996. "The electricity sector is less controversial than telecommunications or petroleum," he says.

One advantage is that several public power plant operators are already constituted as limited companies.

Ecuador's overall investment climate has improved considerably since the administration of President Sixto Durán Ballén took over two years ago. Macro-economic stability, liberalised foreign investment regulations, and a recent debt agreement have restored confidence among foreign investors.

The recent bids for concession contracts in the exploration of oil and the installation of a cellular phone system suggested strong interest among some foreign investors. The securities market has seen dramatic growth in recent months. The Quito stock exchange has seen its trading volume increase by 70 per cent over last year while its price index for the month of October alone jumped by 30 per cent.

Government statistics confirm growing foreign capital inflows. Direct foreign investment is to nearly double this year while significant amounts of repatriated capital continue entering the country. Mr Augusto de la Torre, general manager of the central bank, says: "If we can maintain basic political stability in the near future, we're on our way to becoming Latin America's next emerging market."

Mexican union cries foul at paper's tactics

Vendors of the daily Reforma are no respecters of tradition, reports Ted Bardacke

In Mexico City – where a population of 18m buys a mere 500,000 daily newspapers – a peculiar kind of circulation war has erupted.

The war is not over price. Nearly all 32 papers in the capital charge the same high price of 60 US cents per copy. Nor is better information the main weapon: competition among reporters at most publications still consists of seeing who can most elegantly transcribe a government press release.

The struggle is instead between an aggressive new daily from the north of the country and the politically powerful Union of Newspaper Hawkers, whose 17,000 members claim to hold the exclusive right to sell newspapers in the city.

The fight between the Reforma newspaper, which has just celebrated its first birthday, and the union is one example of how the old methods of doing business are breaking down in Mexico.

In the latest twist in the campaign, Reforma sent its own vendors out into the street last Sunday – the day Mexicans mark their revolution.

REFORMA
CORAZON DE MEXICO

It is one of five days in the year when union members do not work and, therefore, newspapers normally do not circulate.

Reforma's owners claimed the paper sold 100,000 copies on Sunday, its highest-ever sale.

And while their motley salesforce of columnists, politicians, journalism students and housewives have suffered violent attacks and theft from established newsstand owners in recent weeks, Sunday passed off mostly peacefully.

Selling on the holiday marking the Mexican Revolution is just one of several things that the union, behind the power of its quasi-monopoly status and violent reputation, refuses to do. Its distribution methods do not allow publications to choose where they want to target their sales. Most newsstand operators do not open until after 8am. When they do open, they are loaded down with stacks of papers that have no market.

Many dailies, perhaps half of those in Mexico City, live off flat-fee government advertising rather than sales or circulation-sensitive private advertising and therefore see nothing wrong with a distribution monopoly that allows them to be at least seen in the street, if not purchased.

The union has been a favourite of the government, which in the past has used it as a last line of defence against renegade or independent publications.

President-elect Ernesto Zedillo's first public campaign appearance was a 5am greeting of union members as they queued up to receive their stock.

But for a paper like Reforma, the union is a hindrance. "We are fighting for our right to free expression and to work when and how we want," says Reforma publisher, Mr Alejandro Junco, who claims circulation is back now to normal after falling initially by 40 per cent when the new distribution system was introduced at the start of this month.

Mr Junco argues that his paper has been designed for an élite audience.

He wants to send most of his newspapers to wealthier neighbourhoods where he can reach his target public, something he cannot do through the union.

Mr Junco also runs El Norte, Reforma's highly successful sister publication in the industrial capital of Monterrey, which through aggressive marketing and skilful distribution has raised per capita newspaper readership to the highest levels in Mexico.

Along the way El Norte effectively destroyed the Union of Newspaper Hawkers in Monterrey. "This freedom of expression stuff is all just a publicity stunt," says Mr Nestor de Buen, a lawyer for the union. "The problem is commercial and what they really want to do is destroy the union."

Reforma seems to agree, placing more hopes on its case before the monopoly-busters at Mexico's recently created Federal Competition Commission, than in negotiations at the Interior Ministry, which regulates the media.

"This isn't about freedom of the press. Quite the contrary," argues Mr de Buen. "The union provides a service to many different publications. . . and if Reforma were to kill off the union, other papers in Mexico City who depend on its distribution would suffer a serious adjustment."

Tory woes deepen in row on executive pay

A Conservative party campaign strategy document says that "excessive executive pay packages, especially in the privatised utilities, cause real offence" and calls for increased taxation of executive share option schemes, Robert Peston and David Owen write.

The disclosure of further details from the draft paper, excerpts from which were first published yesterday by the Financial Times, is likely to embarrass the government in the wake of the £205,000 ($336,200) pay rise given to Mr Cedric Brown, the chief executive of British Gas, privatised in 1986.

The strategy for improving the party's image in the run-up to the next election, prepared for Mr John Major, the prime minister, and Conservative headquarters, is based on interviews with 80 disenchanted Conservative voters with average incomes. They are said by the paper to see the government as "ineffectual and unable to deliver on promises".

Mr Jeremy Hanley, party chairman, said last night that headquarters had been "no more than doing our job" in compiling the document.

A political furore was also caused by the suggestion that the government should consider "postponing some of April's proposed tax rises if fiscal conditions permit". The paper says: "Delaying implementing the second instalment of VAT on fuel would be dramatic.

Many Tory backbenchers backed this proposal and voiced support for the main thrust of the paper by Mr John Maples, party deputy chairman. "The last thing the country wants is another tax hike, just as the economic situation appears to be improving," said one Conservative MP.

However, Mr Kenneth Clarke, the chancellor, is thought to be determined to press on with the increase – from 8 per cent to 17.5 per cent – in the belief that a postponement would add to the government's difficulties by allowing Labour to prolong its attacks on the issue. Though the Tories insist Mr Maples has a brief to advise only on communications strategy, his paper also proposes "making some changes to the pace of NHS [state health service] reform, eg not pursuing further performance pay for doctors".

Mrs Ann Taylor, shadow leader of the House of Commons, last night wrote to Mr Major urging him to "categorically repudiate the tactics proposed by Mr Maples" for improving the party's image.

Another previously unpublished section of the paper says that "we really must use the parliamentary timetable, debates, ministerial statement etc" to control the political agenda.

Mrs Taylor's letter says that this and other suggestions – that Conservative backbenchers metaphorically beat up the Labour leader, Mr Tony Blair, and that legislation should be introduced with the express purpose of splitting the Labour party – are "an abuse of both Parliamentary procedure and the principle that Government should govern in the national interest".

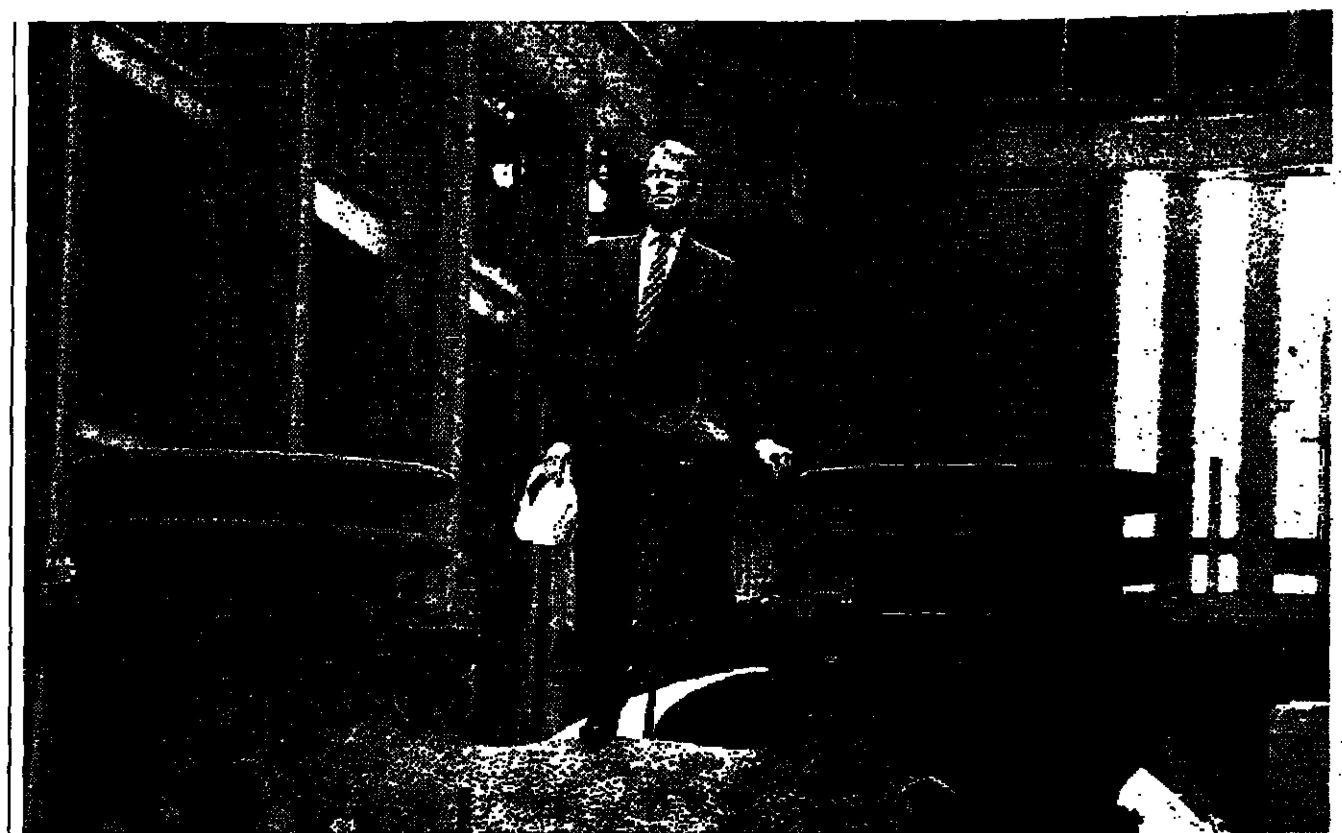
Miss Betty Boothroyd, the Speaker, served notice that she would "deprecate" any behaviour which could be described as parliamentary yobbery.

British Gas yesterday attempted to paint the controversial pay rises of up to 75 per cent awarded to two of its top directors as compensation for a shake-up in the executives' perks and pay structure, as well as bringing their pay up to the level of comparable companies.

The company argued the increases were part of a pay restructuring involving shorter contracts, abolition of annual bonuses and the replacement of a share option scheme with a long-term incentive plan.

"They have gained something," a spokesman said. "They have lost something. There is an element of compensation in there."

British Gas said a long-term incentive scheme in place of an annual bonus would help make managers "perform on a long-term view".



Nicholas Serota, director of London's Tate Gallery, in the disused Bankside power station next to the Thames about two miles east of the gallery. The station is to be converted to become the Tate's Gallery of Modern Art, and the shortlist of architects for the design was announced yesterday. They are David Chipperfield (UK), Herzog & de Meuron (Switzerland), Office for Metropolitan Architecture (Netherlands), Rafael Moneo (Spain), Renzo Piano Building Workshop (Italy) and Tadao Ando Architect & Associates (Japan)

IRA is urged to return robbery cash

Stewart Dalby in Belfast

Sir Patrick Mayhew, Northern Ireland secretary, yesterday called on the Irish Republican Army to return the money stolen in a post office raid on November 10, during which postal worker Mr Frank Kerr was killed.

Sir Patrick, speaking in Belfast after the IRA's admission of responsibility for the robbery, said the IRA "cannot bring back the life of Mr Kerr but they can mark their sincerity by returning the money they stole".

It is thought that £130,000 ($213,200) was taken in the raid. The IRA said its members killed Mr Kerr but the robbery had not been sanctioned by the leadership.

The IRA remained committed to the peace process, the statement added. Asked whether the IRA admission of guilt would damage plans for exploratory talks between British officials and Sinn Féin, the political wing of the IRA, before Christmas, Sir Patrick said: "It is important that whether the attack in Newry took place or not, the timetable laid down by the prime minister should be adhered to." Northern Ireland officials said yesterday that talks were still most likely to take place before Christmas.

Unionist leaders reacted angrily to the news that the IRA was behind the Newry robbery. Mr Peter Robinson, deputy leader of the Democratic Unionist Party, said: "John Major should now wipe from his mind any thoughts of talks with Sinn Féin following the IRA statement."

16 ships detained for safety breaches

By Charles Batchelor, Transport Correspondent

Sixteen ships including five Bulgarian fish factory vessels or Klondykers were detained in UK ports last month after failing safety inspections, the Department of Transport said yesterday.

The five detained vessels, all flying the Bulgarian flag and owned by a Bulgarian company Okeanski Ribolov, revealed a catalogue of deficiencies. They were infested with cockroaches or rodents; had unhygienic crew accommodation, galley and storerooms; and had inadequately qualified crews.

All had insufficient stores while three had insufficient fuel and water. One vessel, the Afala, had a damaged lifeboat, an inoperable emergency fire pump, out-of-date charts and missing fire hoses. Another, the Aktinia, had a lifeboat engine which did not work.

All five vessels had been inspected and approved by the Bulgarian Register classification society.

Evidence of a crackdown on fish factory ships came less than three weeks after the government announced other measures to tighten controls. Next year Klondykers will have to apply in advance for licences to operate in British waters.

Many governments have introduced tougher controls on vessels entering their ports because of growing dissatisfaction with the quality of supervision exercised by "flag" states.

Apart from the Bulgarian vessels, five ships were held because of inadequate safety gear, four because their crews were insufficiently qualified and one because of severe structural faults.

Apart from the five Bulgarian flagged vessels, the "flags" to reveal the largest number of defects were Cyprus and Russia with two detained vessels each. One Russian-flagged ship had holes in its bulkheads and rotten cords on its lifeboats.

Stock Exchange unveils blueprint to boost efficiency

Alan Cane on the new generation of technology which will monitor equities trading

The London Stock Exchange has unveiled the key elements of the technology which it hopes will secure its future as a world player in equities markets.

It yesterday announced the availability of London Market Information Link (LMIL), the most important phase in the Sequence programme of electronic trading and information services. Over the next two years, Sequence will replace the Exchange's present inefficient collection of incompatible computers and software systems which have grown up since the "Big Bang" in 1985.

LMIL provides traders and independent information providers with trading data in digital (computer code) form. It also provides the infrastructure to support future services. The intention is that it will be run in parallel with MarketLine, the existing computer readable service until March 31 next year when the older service will be closed down.

Some 30 customers – chiefly the larger market makers such as BZW and information providers such as Reuters – are already receiving the new data feed which has so far cost the Exchange about £30m to develop. They have had to develop their own software to receive the feed.

The software was developed under contract by Andersen Consulting which also has a contract to manage the Exchange's computer systems. Mr Hugh Morris, Andersen partner with responsibility for the Exchange account, said LMIL was the foundation stone of a programme which would give the City the opportunity to cut costs and simplify its systems.

The short timescale for the implementation of Big Bang in the 1980s forced the Exchange to build systems on an ad hoc basis, resulting in higher costs and lack of flexibility for its users. Through Sequence, it is determined not to repeat the experience. Customers will receive information and be able to trade through a single digital interface. New services will be capable of addition without altering the interface. Changes to Exchange rules will be possible by simple amendments to existing software. There are as yet, however, no firm plans for linking the new electronic trading systems to Crest, the electronic settlement system under development by the Bank of England. Unless the two systems can be linked, information will have to be keyed in twice at higher cost and with greater risk of errors.

Not all the Exchange members are convinced about the new service. ADP, the US-based information provider, is providing software which will convert the new service into the old format.

UK ECONOMIC DIGEST

Demand growth puts pressure on manufacturers

Recent growth in UK manufacturing is putting even greaterpressure on capacity, particularly in sectors such as clothing, paper and printing, a survey suggests. The survey by Trade Indemnity, the credit management group, found that 48 per cent of clothing manufacturers were operating at or above optimum capacity.

Among paper and printing companies the ratio was 45 per cent, the second-highest of any industry sector. In all, 42 per cent of the 687 companies surveyed in the third quarter said they were operating near their optimum capacity, with 7 per cent claiming to be "overstretched."

Meanwhile, only 3 per cent of companies report that they are operating below 50 per cent of their optimum capacity compared with 26 per cent in the same period last year. Trade Indemnity suggests that this trend is "the twin result of capacity reductions and increasing demand." The survey shows that demand is picking up across most sectors, although companies with a turnover of more than £20m are experiencing the biggest increase.

Business services and food distribution groups are the most optimistic sector, with 62 per cent and 60 per cent respectively expecting activity to pick up soon.

Visible trade gap widens

The UK's visible trade deficit with countries outside the European Union widened slightly last month as the recent manufacturing growth sucked in more raw materials. But export volumes rose to a new record, and the underlying trade pattern continued to point to a relatively benign trend.

The Central Statistical Office said the trade deficit with non-EU countries – which account for almost half of all UK trade – was £410m in October, up from a deficit of £333m in September. A surprising deterioration in the oil balance accounted for some of the increase. In the three months to October the value of oil exports fell 17 per cent compared with the previous three months.

The office said the drop partly reflected the fact that oil exports to north America had surged in the summer. Measured without oil, the trade deficit fell slightly last month. Excluding oil and erratics, and calculated on a three-monthly basis – a measurement that represents the best guide to the underlying trend – the deficit was £1.09bn in the three months to October, down from £1.44bn in the previous three months.

A rise in imports was the other reason for the deficit widening. The total value of imports rose 1 per cent in October compared with September while import volumes grew 4 per cent. The total value of exports, by contrast, fell 0.5 per cent in the month, while export volumes grew only 2.5 per cent.

VALUE OF TRADE WITH NON-EU COUNTRIES
Balance of payments basis, seasonally adjusted (£m)

				Ex oil and erratics*		
	Exports	Imports	Balance	Exports	Imports	Balance
1993	57,469	66,724	-9,255	50,036	57,415	-7,379
1993						
Q4	15,235	16,856	-1,621	13,583	14,969	-1,386
1994 Q1	15,323	17,430	-2,107	13,263	15,217	-1,954
Q2	15,665	17,166	-1,501	13,571	15,178	-1,607
Q3	16,210	17,207	-997	14,005	15,096	-1,091
May	5,126	5,768	-642	4,494	5,053	-559
June	5,289	5,697	-408	4,566	5,046	-480
July	5,445	5,803	-358	4,616	5,013	-397
August	5,412	5,718	-306	4,672	5,040	-368
September	5,353	5,686	-333	4,717	5,043	-326
October	5,333	5,743	-410	4,758	5,158	-400

*Defined as ships, aircraft, precious stones and silver. Source: CSO

Cash windfall for government

The Treasury has been handed a crock of gold with news that for the past 18 years it has been sitting on a pile of banknotes which could contribute modestly to cutting the UK's expected £32bn budget deficit this financial year.

The £300,000 ($492,000) of notes has been booked in the Treasury's name in a secure deposit in the vaults of the Bank of England deep under Threadneedle Street in the City of London since 1976. Customs & Excise officers seized the money while enforcing foreign currency controls designed to stop large sums of cash being channelled in and out of Britain. The controls were dropped in 1979.

A Treasury official welcomed the Financial Times's discovery of the existence of the cash, and said it would look into the matter. "Every little bit helps," the official said, referring to the assumption that the money could be used to fund public spending. The cash was seized from a Swiss-based "middleman", who had a business allegedly spiriting money from UK individuals out of the country. The Swiss agent was arrested in London by Customs officers acting on behalf of the Treasury, and a suitcase containing the notes was confiscated for use as evidence in court proceedings. But the suspect later fled to continental Europe and has never stood trial, with the Treasury later abandoning interest in the matter.

Japanese companies expand

Two Japanese companies are to invest a total of £14m ($22m) expanding their factories in Wales with the expected creation of 260 jobs. Yuasa Battery (UK) is to increase production of sealed lead-acid batteries at Ebbw Vale in Gwent. Llanelli Radiators is to transfer technology from Japan to its Dyfed factory to make evaporators and condensers for air-conditioning units. The projects are supported by Welsh Office grants totalling £1.99m.

Vineyards reach total of 436

There are 436 active vineyards in the UK covering 1035.36 hectares, the Ministry of Agriculture's Wine Standards Board said yesterday. Of the 436, 148 had wineries producing 1.75m litres in 1993. The figures are compiled under European rules from information supplied by growers.

Lockheed optimistic over Hercules order

By Bernard Gray, Defence Correspondent

Lockheed, the US aerospace manufacturer, said yesterday it was optimistic that the UK government would buy its latest generation Hercules C-130J transport aircraft to replace half its ageing Hercules fleet used by the Royal Air Force.

The order for up to 30 aircraft has been bitterly fought between Lockheed and British Aerospace, which wanted the government to buy the European Future Large Aircraft. Lockheed said: "Because the FLA is not available in time, the decision is between refurbishing the existing Hercules or buying now C-130Js. Refurbishment does not stack up and no other country has backed it."

The Ministry of Defence refused to comment beyond saying a final decision had not been made. It is understood that a ministry evaluation committee has recommended purchase of the C-130J. That recommendation will go to ministers and a cross-Whitehall committee with a final decision expected before Christmas. The committee is likely to recommend that if the ministry chooses the C-130J, Britain should rejoin the European project which it left in 1989. It is understood that Mr John Major, the prime minister, came under pressure from President François Mitterrand at the Franco-British summit at Chartres last Friday for Britain to rejoin the European Future Large Aircraft project.

If Britain rejoins, development funds might be provided by the government as launch aid, which would not be in breach of Gatt rules covering government funding of aircraft projects. BAe has argued that it needs to replace all of the 66 Hercules aircraft with FLA if it is to gain sufficient work to build the aircraft's wings. That objection may be overcome if Britain agrees to replace its tanker and maritime patrol aircraft with the FLA.

BAe said it was continuing to lobby for refurbishment of the existing Hercules fleet until the FLA becomes available in 2002.

BAe has submitted a proposal to the Ministry of Defence under which it would maintain the Hercules fleet, including a basic refurbishment, at around 20 per cent of the costs estimated by the ministry.

BAe has also asked that any decisions be deferred until March when the full results of a year-long FLA study will become available.

The UK defence ministry is thought to be sticking to its 1994 deadline, effectively ruling out the FLA for the current competition.

A delegation of BAe apprentices and engineers will lobby members of parliament tomorrow to argue the case for the FLA.

As many as 30% of pupils fail to attend some inner-city schools

Police comb streets for truants

By William Lewis

Police patrol the streets of Manchester in unmarked cars in search of pupils playing truant from school, Mrs Yvonne Keen, headteacher of the city's Ellen Wilkinson High School, said yesterday. She was speaking after government league tables named her school as the worst in England for truancy. The tables stated that at any time only about 70 per cent of pupils would be present.

The school has hired a school liaison teacher to check on children with poor attendance records. Some of its governors have been involved in searching the local shopping centre for absent pupils.

She believes the problem is mainly a function of the disadvantaged backgrounds of most of the school's pupils, who live in the central districts of the city, one of the largest in England.

Several municipal authorities questioned the accuracy of the truancy figures for England. Manchester council said nearly a third of its schools had failed to return absenteeism figures to the government, which left the validity of the tables in doubt.

The government recorded a total of 48,566 pupils of compulsory school age in Manchester, but according to the authority, the actual figure is just under 60,000.

"We do recognise that Manchester does have a problem with truancy, but we are taking active steps to deal with it," the council said. "The overall picture presented by the tables is very misleading."

The authority stressed that, of the 11,000 pupils omitted from the table, there were "some very good schools that would have had a very good record on attendance." The local education authority for the west London borough of Kensington and Chelsea, which was close to Manchester in the truancy tables, also criticised the accuracy of the government's calculations.

The authority said one of its schools had filled in a form incorrectly. "The department has admitted it has got the wrong number, but they are being bloody-minded and are refusing to change it," said Mr Mike Stoten, the borough's head of education.

For the second year running the official tables for English schools show sharp improvements in GCSE and A-level examinations. Schools logged a 5.35 per cent improvement in the numbers passing at least five GCSE exams at the median grade C while the performance of pupils taking A-levels in the sixth form improved by 4 per cent. Pupils take several GCSE papers, typically eight, at the age of 16. The more specialised A-level, on the basis of which universities choose their students, is taken two years later.

Top schools in the truancy league

	School	Truancy rate*
1.	Ellen Wilkinson High, Manchester	30%
2.	Agnes Stewart High, Leeds	30%
3.	Matthew Humberstone, Cleethorpes	29%
4.	Moston Brook High, Manchester	27%
5.	St Alban's Church of England, Birmingham	26%
6.	George Dixon, Birmingham	26%
7.	Speke Community, Liverpool	25%
8.	Shorefields Community, Liverpool	25%
9.	Kings Norton High, Birmingham	24%
10.	Norton Priory County High, Runcorn	24%

* % of days missed through unauthorised absence

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State officials scramble to join 'superhighway'

By Paul Taylor

Parents could be given online computer access to school inspectors' reports and other information collected by the Office for Standards in Education under proposals outlined yesterday.

Mr Mark Gladwyn, head of strategic programmes at CCTA, the government centre for information systems, suggested that the information collected and held by Ofsted may be made available to personal computer users over the Internet – the system of computer networks which connects databases and computers and is emerging as a *de facto* information superhighway.

Mr Gladwyn said the records of births, deaths and marriages since 1837 could also be made available online – a move which he said would be immensely valuable to historians and other researchers.

Earlier this month the Treasury confirmed that Mr Kenneth Clarke's Budget speech will be made available over the Internet shortly after the chancellor delivers it to the Commons on November 29.

"Information superhighways present us with a new and exciting opportunity to improve the way we share and access information," Mr Gladwyn told a consultative meeting on information superhighways organised by CCTA and attended by more than 800 public and private-sector delegates.

Mr Robert Hughes, minister for public service and science, said at the conference that the information superhighway "means government is open for business around the clock. The individual citizen can ask questions when it suits them, their school or small business rather than when it suits a civil servant".

Smaller banks top survey of services

By Alison Smith

Britain's four largest clearing banks are generally seen by small businesses as providing worse services than those offered by smaller banks, says a survey published yesterday by the Forum of Private Business.

The findings, produced by the University of Nottingham on the basis of 5,500 questionnaires, showed Allied Irish Banks with the highest ranking at 57.1 points, while TSB scored the lowest at 44.2.

Two years ago, a similar survey Bank of Scotland scored the highest and Lloyds Bank the lowest. Lloyds is now equal second with Yorkshire Bank, while Barclays Bank is at 48.5 and National Westminster Bank at 50.

Mr Stan Mendham, forum chief executive, said the survey showed that small businesses were deterred from changing bank because they saw few differences and were concerned about the difficulties of switching accounts.

● Midland Bank revealed yesterday that it has paid more than £21,000 to dissatisfied customers since launching a scheme to attract new business. The bank promised in July to pay customers £10 for each failure to meet four standards of service when opening a Midland account – or when transferring accounts between branches.

Since the launch date, Midland says that 97.5 per cent of accounts were opened without error. Some 2,141 compensation claims had been made by the end of October.

Environmentalists fear measures may be ineffectual

Caution on 'green' agenda

By Motoko Rich

BUDGET 1994

The caution with which environmental pressure groups, manufacturers and retailers greeted the proposed pollution measures announced by the government last week was typical of the wariness surrounding goverament attempts to "green" domestic and business activities.

They are now wondering whether Mr Kenneth Clarke, the chancellor (senior finance minister), will include measures intended to help the environment in his Budget a week tomorrow.

Businesses are concerned about how fiscal instruments will affect competitiveness while pressure groups fear that taxation could be used to replace regulatory measures.

Most groups expect the chancellor to continue raising duty on fuel. But some analysts argue that increasing fuel prices – especially for cars – may make little or no impact on pollution.

Alternative options for addressing this problem would need a longer timescale than one Budget and would entail considerable capital investment. One such might be "congestion pricing" – taxing car owners based on the amount of time they spend in traffic jams – to target the environmental problem directly, rather than taxing activities associated with environmental damage, such as the use of fuel.

Such a charge would require cars to be fitted with a smart card to tally minutes spent idling in traffic, with the owner charged accordingly, encouraging travel at different times, or the use of public transport.

The Institute for Fiscal Studies, which produced a prospectus for possible inclusions in the Budget, discussed one mechanism for direct taxation of pollution: emission taxation on individual sources. Units of pollution would be measured much like gas or electricity use, and taxed proportionately.

Setting up a new tax system may entail high costs, but is more likely to be specifically levied on sources of pollution.

The government plans to push through schemes to increase recycling. One way of encouraging this is a landfill levy – a charge on landfill owners in the hope that the extra cost would be passed on to customers, encouraging alternatives, mainly recycling.

Ruling on EU's competence

The European Union has exclusive competence to conclude international agreements relating to goods, but its competence in respect of agreements on services and intellectual property is to be shared with the member states, the European Court of Justice ruled last week.

The Court's opinion had been sought by the European Commission in the context of the General Agreement on Tariffs and Trade Uruguay Round agreements.

At the start of the round in 1986, the Commission was granted the power to negotiate on behalf of the European Community and the member states. However, it was stated that this did not prejudge the question of the competence of the Community and the member states on particular issues.

The final act and the WTO agreement were signed by the Council of Ministers, the Commission and the member states. Prior to the date of signature, the Commission sought the Court's opinion as to the EU's competence in concluding agreements in three areas – goods, services and intellectual property.

The Court said it was generally clear the Community had exclusive competence to conclude international agreements relating to goods. Such goods included products under the Euratom Treaty.

For products covered by the European Coal and Steel Treaty, member states had exclusive competence. The Community had exclusive competence, on the other hand, for international agreements which covered different types of goods, including those within the ECSC Treaty.

For agricultural products, while it was true that a specific Treaty of Rome provision relating to agriculture served as the legal base for the agreement on agriculture, this fact did not impede the international commitments relating to agricultural products from being covered by the EC treaty provisions relating to the common commercial policy. These gave the Community exclusive competence.

In relation to services, the Court first reiterated that the common commercial policy provisions of the Rome treaty were to be interpreted widely and the examples given in the relevant treaty provisions treated as non-exhaustive.

Thus services were not excluded as a matter of principle from the scope of the common commercial policy. Insofar as the relevant agreement on services – the GATS – was concerned, the Court said there was no reason why trans-frontier supplies of services should not be treated in the same way as goods and therefore be covered by the common commercial policy, for which the Community has exclusive competence.

Other types of services – where the beneficiary of the service went physically to the state where the service was provided, where a subsidiary was established in the state where the service was to be provided, and where individuals supplied services to other states – did not come within the scope of the common commercial policy.

The Court also held specifically that transport services did not fall within the common commercial policy. The mere fact that embargo measures taken by the Council which affected transport services were taken under the common commercial policy did not change this position.

However, the Court did hold that the Community shared competence with the member states to conclude the GATS. In making this finding, the Court relied on, among others, the internal market provisions of the Rome treaty which allowed any related harmonisation measures to limit the powers of the member states to negotiate with third countries.

In respect of intellectual property, the Court said provisions in the TRIPs agreement concerning the prohibition on counterfeit goods were covered by the common commercial policy.

Other provisions not so closely connected with external trade were not within the Community's exclusive competence. However, as with the GATS, the Court said the Community shared competence with the member states to conclude the TRIPs.

Finally, the Court said, notwithstanding its opinion, it was necessary to bear in mind the obligation on member states and the EU to co-operate closely in international matters.

Opinion 1/94, ECJ FC, November 15 1994.

BRICK COURT CHAMBERS, BRUSSELS

A question of standards

Robert Rice on resistance to further regulation of the derivatives industry

In the two and a half years since Mr Gerald Corrigan, then president of the Federal Reserve Bank of New York, warned bankers to take a very hard look at their off-balance sheet activities or risk tighter derivatives regulation, relations between regulators and the derivatives industry have improved markedly.

In March this year, the US Securities and Exchange Commission and its Commodity Futures Trading Commission, with the UK Securities and Investments Board, issued a statement on the regulation of over-the-counter derivatives – financial instruments such as futures and options – calling for the industry and regulators to work together.

The industry welcomed the initiative. The International Swaps and Derivatives Association (ISDA), an industry-backed organisation set up by dealers in New York in 1984 to standardise derivatives documentation to reduce credit risk and increase legal certainty, wrote to the regulators offering help.

Suddenly, however, this spirit of co-operation is threatened by pending litigation in the US. Bankers Trust, a leading derivatives dealer, is being sued by two US companies, Gibson Greetings, a greeting cards manufacturer, and Proctor & Gamble, the consumer goods company, for losses on derivatives contracts sold by the New York bank.

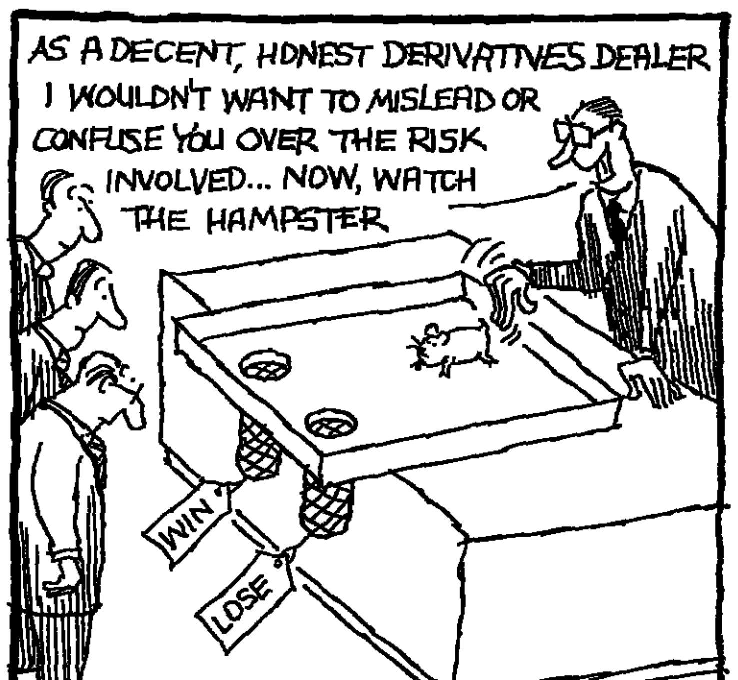
Gibson alleges it was misled by Bankers Trust on the risk of a complex interest-rate swap and Proctor & Gamble that it was sold financial instruments without a full explanation of their risks.

Bankers Trust denies liability, claiming Gibson and Proctor are sophisticated clients which entered into the transactions with their eyes open and, in Proctor's case, that it formally suggested the company limit its risk by unwinding all or part of the transactions when changes in market rates began to affect its position adversely – advice Proctor ignored.

Few derivatives lawyers believe the banks have anything to fear from these actions. But there is a nagging concern that, if either company wins, other dealers may find themselves in court and a rash of derivatives litigation would lead to calls for tighter regulation.

For ISDA, tighter regulation would be a big reversal. One of ISDA's legal advisers, US derivatives lawyer Jeffrey Golden, now a partner with City solicitors Allen & Overy, says broad-based litigation should not obscure how hard a lot of people in the derivatives industry have worked to reduce risk and increase legal certainty over the past 10 years.

Regulators have spent a great deal of time worrying about largely theoretical legal problems which might affect the derivatives markets, he says. But the search by regulators for absolute legal certainty can be overdone.



Further regulation, rather than co-operation with ISDA to reduce legal uncertainty and credit risk by encouraging wider use of standard documentation, could prove counter-productive, he says.

Mr Ernest Goodrich, managing director of Merrill Lynch, New York, and an ISDA board member, says that, against the growth in the global derivatives market – an estimated $13,000bn in notional value this year – the amount of litigation has been minimal over the past 10 years.

Standardised documentation will not prevent a Drexel Burnham Lambert or British & Commonwealth insolvency. But standardisation may make it easier to find a white knight or help evaluate the swap portfolio of a troubled market participant, Mr Golden says.

In the early days, before ISDA was formed, lawyers used to draft individual swap agreements for market participants which resulted quickly in a battle of the forms.

As the inter-dealer market developed, dealers began to enter several swaps with the same counterparty. Looked at gross, their exposure to each other based on each transaction was misleading. A more sensible picture of their exposure came from netting the results of all transactions with each other, setting off obligations against sums owing.

Negotiating a new contract for each trade no longer made sense and dealers pushed for master agreements which would facilitate such things as netting of counterparty exposure.

ISDA's first efforts at standardisation came in 1985 with a Code of Standard Wording, Assumptions and Provisions, a menu of provisions for dealers in drawing up contracts. It produced a revised code in 1986, followed in 1987 by forms for master agreements for dollar rate interest swaps and for multi-currency interest rate and currency swaps, plus definitions and an ISDA agreements user's guide.

Other documents followed and then in 1992 a new generation of ISDA documents were produced. These included a master agreement for multi-currency cross-border deals and one for local currency single-jurisdiction deals, foreign exchange and currency options definitions and confirmations and a confirmation for over-the-counter equity index option transactions.

Since then the pace has hardly slackened. ISDA has produced a bilateral credit support annex to the master agreement, where collateral will be held in the US under New York law, and an over-the-counter single share option confirmation where it is thought the option will settle by physical delivery.

Obstacles to ISDA's attempts to reduce legal uncertainty and credit risk through standardisation have included a preference by some international dealers to document derivatives under separate master agreements for different products, such as the international foreign exchange master agreement which caters exclusively for spot and forward foreign exchange transactions, rather than using a single, multi-product master agreement such as the 1992 ISDA master agreement.

ISDA members find it hard to fathom why any dealer should go to the expense and difficulty of negotiating and handling several master agreements with the same counterparty. Mr Golden says multiple masters waste time, cost money, invite documentation backlog, increase the risk of mistakes in agreements, divert management attention and potentially increase credit risk and capital costs.

ISDA has powerful allies. The study in July 1993 by the Group of 30 top industrial countries of derivatives concluded market participants should use one master agreement with each counterparty, which provides for close-out and settlement netting to document existing and future derivatives transactions including foreign exchange forwards and options. A single master agreement creates the greatest legal certainty that credit exposure will be netted, it said.

Yet the G30 survey found only two-fifths of dealers documented derivatives transactions under a single, multi-product master agreement.

There will be cases where parties want to use separate master agreements. But ISDA is not saying a single multi-product master should always be used; simply that using separate masters as a matter of course is inefficient and costly.

If regulators are tempted by an upsurge in litigation (unconnected with attempts to reduce legal uncertainty) to extend the regulatory regime, they might do better to think again. More could be achieved by working with the industry to increase standardisation.

LEGAL BRIEFS

Linklaters aims to win US securities business

Linklaters & Paines, the City solicitors, has appointed Edward Fleischman, former commissioner with the US Securities and Exchange Commission, to help give the firm a US securities law capability.

Linklaters plans to develop the methods and resources necessary to provide US legal advice on international securities transactions. This way, it hopes to offer clients a full service, making it unnecessary for them to use US law firms when they want to access American markets.

The need for US securities law expertise has arisen mainly in the past three years, as US investors have shown an increased appetite for foreign securities, and the SEC has liberalised its rules, making it easier for foreign issuers to gain access to the US markets.

Linklaters says that, while this has eased part of the compliance burden on issuers, clients have remained worried about potential liability under the US Securities Act and the risks of litigation in the US. As a result, even when the clients were placing only part of an issue in the US, they have been advised to approach the whole transaction according to US domestic practice, and have used US law firms to handle the business.

After the bomb

City solicitors Norton Rose, bombed out of Bishopsgate by the IRA in April 1993, will return to base on November 27 after a £20m refit. The firm has taken advantage of its enforced absence to redesign its working environment.

Roger Birkby, managing partner, says the use of the latest information technology and communications systems should improve efficiency and keep down costs.

PEOPLE

NFC's Ian Barr hits the road

Ian Barr, 44, has lost his job as NFC's human resources director following a decision to slim down the London head office of Britain's largest road transportation group.

Barr is the second NFC executive to go within the past three months. At the end of August Peter Sherlock, 49, the chief executive, quit after only 18 months in his job and a month later NFC announced that James Watson, 59, the company's chairman and former finance director, intended to retire on December 19.

Watson, who joined the group in 1968, took over as chairman in 1991 from Sir Peter Thompson, the man who masterminded probably the most successful employee buy-out of a nationalised industry. However, Watson did not inherit his predecessor's luck. NFC's profits have disappointed, its shares have performed miserably since last year's £263m rights issue, and the decision to recruit an outsider as chief executive has demoralised what once was a highly motivated workforce.

Sherlock, a former director of Bass, was the most senior executive to be brought into NFC's close-knit top management team. Barr, who joined NFC from Chloride in 1989, was the only other outsider. His departure at the end of the year reduces the number of NFC executive directors to four – Robbie Burns, 48, Trevor Larman, 49, Denis Olliver, 50, and Graham Roberts, 44. They are all NFC veterans and have been with the group for an average of 27 years.

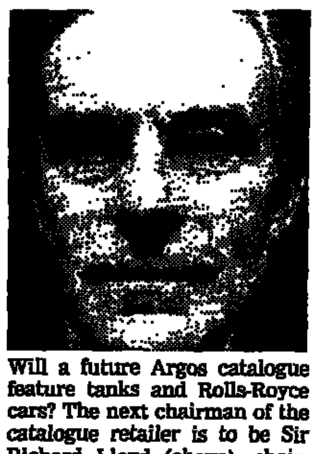
The timing of Barr's departure – following a review of the corporate head office role – is unusual since NFC is still looking for a new chief executive. However, it is understood that Sir Christopher Bland, who takes over as chairman next month, is already playing an important role behind the scenes at NFC. His next big test will be to find NFC's next chief executive. Robbie Burns is thought to be the most favoured internal candidate but there is some concern that NFC's top management remains too inbred. *William Hall*

■ **Julian Rivers**, formerly head of retail marketing at Thorntons, has been appointed commercial development director at PENTOS.

■ **David Freeborn**, **Henry Lafferty**, finance director, and **Geoffrey Shaw** have been appointed to the board of JARVIS.

■ **Robert Solberg**, former vice-president and deputy chairman of TEXACO Ltd, has been appointed chairman; he succeeds Glen Tilton, who becomes president of Texaco USA.

Non-executive directors



Will a future Argos catalogue feature tanks and Rolls-Royce cars? The next chairman of the catalogue retailer is to be Sir Richard Lloyd (above), chairman of Vickers.

Sir Richard, 66 next month, will join the board of Argos as deputy chairman on January 1. He is expected to take over as chairman at the annual general meeting in May, when David Donne, who will be 70 next year, plans to retire.

As well as chairing Vickers, Sir Richard is deputy chairman of Hill Samuel bank and a non-executive director of Harrisons & Crosfield, Siebe and Simon engineering.

Mike Smith, chief executive of Argos, yesterday described Sir Richard as "an ideal person for us to take on board". Smith did not believe that experience of the retail sector was a necessary prerequisite. "Sir Richard has a wide range of experience in areas where we feel he can add value." *David Blackwell*

■ **David Heywood**, chairman of Remploy and former deputy chairman of BAT, as chairman of NESTOR-BNA.

■ **Derek Bucknall**, retired director of British Aerospace, and **Peter Mead**, group chief executive of Abbott Mead Vickers, at GARDNER MERCHANT.

■ **David Rutledge** at UNIDARE ENVIRONMENTAL, having retired as chief executive of Unidare.

Purslow doffs his hat

Most fathers would be pleased if their sons got a job in investment banking – especially if the post was a directorship at CS First Boston and the son was only 30. Most fathers would be pleased; but not Christian Purslow's. "He was disappointed," says Purslow junior.

For the Purslows own Grenson Shoes and royal hatters Herbert Johnson. Christian Purslow sits as a non-executive director on the family board, where he will remain, but his father Terry had wanted him to take on an executive role.

Christian Purslow did once work for Grenson Shoes, but not as an executive. In his holidays from university he worked in the Northampton shoe factory. One eight-week job was to empty a shed of wooden lasts, the blocks from which Grenson artisans stitch the shoes. Christian Purslow did the work "for love" and about £1 an hour.

From then on, Christian Purslow's career has gone up and up. He left Cambridge in 1986; he worked first for the Lek Partnership and then for Sir Ralph Halpern of the Burton Group, where he advised on corporate strategy.

That is where he met Stephen Hester of CS First Boston. Hester tried to entice him into banking then but Purslow went to Reuters Holdings to head global new business for the financial information group. It is only now that he has been tempted away. "I have been trying to get Christian Purslow to join us for the past five years and he finally accepted on Friday night," Hester said last week. *Nicholas Denton*

■ Nigel Russell has given up leadership of James Capel's Scottish investment trust operation to set up business alone as NJR Research.

James Capel says that Russell, 36, who is described as an entrepreneurial character, wanted to branch out into research for fund management companies. Capel says it will be NJR Research's first and largest client. "I don't feel I have lost him," says Bob Benton, managing director. "I'll probably see him more than I used to."

Russell worked as an analyst at Commercial Union before joining Capel in London. He later moved to Edinburgh to build a successful operation sponsoring investment trust flotations. His departure has prompted Capel to bring its investment trust operation to London. Michael Cuthbert will move with it to London but three more junior staff will remain in Edinburgh.

James Capel made the move to London to bring its investment trust business closer to sales and market-making of the products. *Nicholas Denton*

MANAGEMENT: THE GROWING BUSINESS

Richard Gourlay on a successful merger in the food industry

A tale of two serial investors

Adolf Winter had almost no sales team and no finance director. And yet from a standing start, Winter built Beni Foods over five years into a company with sales of £85m. Last week he sold it to another well-known name in the meat-processing industry, Ron Randall.

For a start-up, this is impressive stuff. What is more, Randall believes Winter has sold at a time when the business – preparing and packaging quality meats for supermarket chains – is still packed with potential.

Beni's next phase of development is being entrusted to a kind of businessman and woman which is becoming increasingly important to venture capitalists – a serial investor who puts up equity alongside the venture capitalists and who either brings the deal to the financiers or is brought in as part of a management buy-in team.

In this case, Randall brought the deal to the venture capital community. After a beauty parade, he says, he chose a partnership with Morgan Grenfell Development Capital because of its ability to underwrite a deal of this size and its ability to react quickly.

Randall had been cutting up meat as a butcher's boy since he was 16, and put together his first meat processing company, Meadow Farm Produce, in 1972 when he was 21.

In 1984, he floated Meadow Farm Produce on the Unlisted Securities Market at a value of £6m. Two years later Hillsdown, the food group, bought it for £62m. He then reversed a company into Sims Catering Butchers, built the Sims Food Group before resigning in 1991 to build two more food packaging companies, TS&W and Randall Parker.

When Randall approached Winter earlier this year, Beni Foods was not for sale. "My initial approach was, would he consider being part of my ideas," Randall says. His suggestion that the groups merge was politely declined. "But he said maybe it is time to consider what to do with the rest of my life."

Winter's background is equally steeped in the food industry. He too built a meat company before selling out to the Trent Meat Company in 1984. He then spent three years researching the market before launching Beni Foods.

But it was quite a start-up. On a green field site in Milton Keynes, he built a 45,000sq ft factory and started selling finely sliced quality meats to supermarket chains feeding the consumers' growing appetite for sandwiches.

Since then Winter has invested £36m and built the factory to 190,000sq ft.

Randall says that Winter had realised that he needed to put in a top management team. While more junior management was in place, a business that Randall says is heading for £100m of sales next year was clearly not manageable much longer by Winter alone.

'Maybe it is time to consider what to do with the rest of my life'

The market is rapidly growing in the UK, with 85 per cent of cooked meat going into sandwiches and the market for healthy convenience foods growing apace.

Then there is the Continental market. Randall believes the UK could become an important source of prepared quality meats for chains in other European countries. But attacking these markets would only be possible with more management, Randall believes. He will therefore be recruiting a finance director, a managing director, a procurement director and a sales team to work alongside him.

And Winter? He will be retained as a consultant for a year but has declined to take a public bow. A private man, he has taken a "life style" decision and is understood to be returning to his native Austria, leaving two sons with small shareholdings and as active managers in Beni Foods.

Raising the birthrate

James Buxton reports on a Scottish initiative to increase the number of start-ups

Many small and medium-sized businesses in Scotland now have a special advantage over their counterparts elsewhere in the UK: they are able to take out loans from their banks for up to seven years at a rate of interest guaranteed not to go up by more than 1 percentage point.

The cost of the guarantee is borne not by the borrower but by Scottish Enterprise, the official development body, under a scheme developed with the four Scottish clearing banks, which had to overcome strong Treasury opposition. Scottish Enterprise reckons it will cost it £5m over the next two years to guarantee the £100m of loans which the banks are making available.

The small business loans scheme, which is available to businesses employing up to 250 people in manufacturing, construction and business services, is a product of Scotland's Business Birthrate Initiative. The initiative, which was lauched on November 1, is aimed at raising the rate at which new businesses are formed in Scotland, and at increasing the number that survive to become significant companies.

It focuses on encouraging more people to start businesses, removing some of the financial impediments to launching and expanding a company, and eventually changing a national culture which accords a low status to the entrepreneur.

It was started by Crawford Beveridge, a Scot who returned from a senior post at Sun Microsystems in California to run Scottish Enterprise. He was baffled by the contrast between the endeavour displayed by Scots outside Scotland and the apathy exhibited at home.

Studies he commissioned showed that while Scotland's business birthrate between 1978 and 1990 was 77 new companies employing more than 50 people per 1m of population, the equivalent number for the West Midlands was 86; and for the south-east of England it was 116. Massachusetts in the US dwarfed them with 333.

It was calculated that if Scotland's business birthrate since 1978 had matched that of the West Midlands an extra 70,000 jobs in independent businesses would have been created on top of the 125,000 people in Scotland already working in them.

Yet the proportion of the Scottish population interested in creating new businesses was found to be around the UK average. People were apparently being held back by the difficulties in raising finance faced by businesses everywhere, but also by a pervasively anti-entrepreneurial environment.

According to an opinion survey, people in Scotland rated entrepreneurs below manual workers such as plumbers and bus drivers on their list of admired professions.

Scottish Enterprise decided that raising the business birthrate should not be a top-down affair. The strategy was thrashed out in seminars with businessmen, professional advisers, bankers, officials and journalists. This resulted in a document listing dozens of desirable schemes and objectives, but it was expected that the drive to implement most of them would come from others. That includes the local enterprise companies in the Scottish Enterprise network, some of which were already taking a lead in trying to encourage more entrepreneurship.

People in Scotland rated entrepreneurs below bus drivers on their list of admired professions

For example, Dunbartonshire Enterprise, north of Glasgow, runs a training programme named Teamstart for professionals and middle managers interested in forming their own businesses.

People in middle-class neighbourhoods are targeted by mail. About 30 people go on each two-month course and the aim is to produce between 10 and 12 businesses, eventually employing between 20 and 30 people, some of which could become significant companies.

David Pearson, in charge of enterprise development, points out that Teamstart is separate from the government's enterprise allowance scheme which in Dunbartonshire results in the formation of about 400 single-person businesses a year. His start-ups include a nascent shipping line, an airline hoping to operate to London's City airport, software companies and a manufacturer of sub-sea vacuum cleaners.

In Lanarkshire, which is wrestling with the problems caused by the closure of the Ravenscraig steelworks, an Entrepreneurial Exchange is being set up by a businessman helped by the Lanarkshire development agency. Established entrepreneurs will encourage aspiring businesspeople and give their time free to advise them.

The chairman is Bill Fleming who founded and later sold the Smiley tyres and exhausts repair chain and is now one of Scotland's business angels – wealthy individuals who invest in new and expanding ventures. Scottish members of the UK angels organisation Linc (Local Investment Networking Company), last year invested £13m in new and expanding businesses.

One manifestation of the birthrate initiative organised by the private sector is the business forum – evening sessions where businesspeople explain their projects to their peers and face questioning. The first forums have proved so popular that Russel Griggs of Scottish Enterprise calls them "the only meetings in Scotland you can't get into". So far no business idea expounded at the forum has metamorphosed into a trading company, but equity has been raised and contracts made.

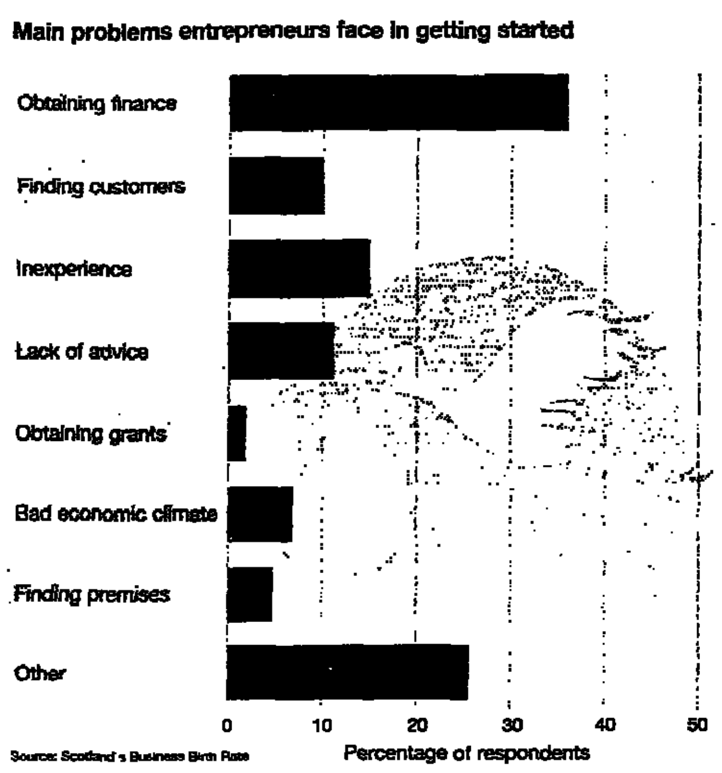
Alastair Balfour, managing director of Insider Publications, which has just launched a monthly magazine for new and growing businesses, believes about 300 different schemes are under way as a result of the birthrate initiative.

He says it has touched a chord in the business community and stimulated co-operation between the public and private sectors. He cites as an example the small business loans scheme, dependent on links between Scottish Enterprise and the banks, which should soon be followed by a scheme to provide capital to projects too small for normal venture capital providers.

The initiative's target is to raise Scotland's business birthrate to the UK average by 2000, which implies achieving a 50 per cent increase in the number of new businesses started every year and which would create 25,000 extra jobs. But it is too early to measure its success in producing start-ups, partly because no satisfactory way has been devised to measure them.

As for changing the attitude to entrepreneurs of the average Scot, Pearson urges patience. "We are seeing more favourable coverage in the Scottish media than we used to. There is a lot of enthusiasm around. But we are trying to make cultural shifts that will take 10 years."

Constraints on enterprise



Source: Scotland's Business Birth Rate

New Tessa urged

Most private businesses would prefer to invest out of retained income rather than with debt or by raising equity. It allows them to retain control and is ultimately cheaper.

But many small businesses fail to retain enough of those earnings. Partly because of favourable personal tax incentives, small business owners tend to take more money out of their businesses than is healthy for their financial stability.

Barclays bank believes they need to be encouraged to keep more in their businesses for future investment. It has asked the government to consider introducing a Business Tessa account for all businesses in this year's Budget.

The account would function like the personal Tax Exempt Special Savings Account, making interest on retained earnings saved for a minimum period free of tax.

"It is small, low-cost, targeted tax incentive," says David Lavarack, head of Barclays Small Business Services. Barclays has discussed the proposal with the DTI and other departments, whose reaction has been "favourable", Lavarack says.

The Tessa would be focused on small businesses which have a chance of surviving and growing over the medium term but which fail to achieve their potential because of low reinvestment

Incorporated and unincorporated businesses with sales between £50,000 and £1m would benefit most from a Business Tessa. But all businesses would be allowed to invest up to £20,000 a year for five years. At this level, the cost to the Treasury in lost tax on interest would build to about £200m after five years and would benefit over 350,000 businesses.

Barclays says the small-business sector is characterised by high rates of closure and low average growth rates. "Reducing the level of closures would provide a real boost to the UK economy," it says.

Richard Gourlay

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Beans Engineering Ltd.

(in administrative receivership)

Tipton, West Midlands

The Joint Administrative Receivers offer for sale the business and assets of Beans Engineering Ltd

Principal features include:

- Annual turnover of approximately £10 million
- Remanufacture of engines and gearboxes
- Medium size machine shop with both C N C and conventional technology
- Blue chip customer base
- Skilled engineering workforce of 250 employees
- Freehold premises of some 8 acres

For further information contact the Joint Administrative Receiver, Mark Hopton, KPMG Corporate Recovery, Peat House, 2 Cornwall Street, Birmingham B3 2DL.
Telephone: 0121 232 3000
Fax: 0121 236 2833

KPMG

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For further details contact Stephen Cork or Sarah Harmsworth of Booth White, NEM House, 3/5 Rickmansworth Road, Watford, Hertfordshire WD1 7HG. Telephone No. 0923-236622. Fax No. 0923-245660.

Reliant Motors Limited

(In administrative receivership)

Tamworth, Staffordshire

The Joint Administrative Receivers offer for sale the business and assets of Reliant Motors Limited

Principal features include:

- Manufacturer of the Robin Rialto and Scimitar Sabre Sports Car
- Annual turnover of approximately £5 million
- Skilled workforce of 95 experienced in handling glass reinforced plastic mouldings
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- Excellent links with motorway network

For further information contact the Joint Administrative Receiver, Mark Hopton, KPMG Corporate Recovery, Peat House, 2 Cornwall Street, Birmingham B3 2DL.
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The chain of shops are located mainly in the North London area and have the following principle features:-

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Coopers & Lybrand

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The Joint Administrators offer for sale the business, capital assets and stock of Lycett Fabrications, a division of Lycett Industries Limited.

Principal features of the business include:

- specialist in metal fabrications
- *BS 5750/ISO 9002 approved*
- turnover of approximately £4.0 million per annum
- two leasehold sites in the East and West Midlands
- established customer base principally in the mining and materials handling sectors
- stable, experienced workforce.

For further information, please contact Richard Whitwell or Keith Pickering at Coopers & Lybrand, 35 Newhall Street, Birmingham B3 3DX. Telephone: (021) 200 4473. Fax: (021) 200 4484.

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LEGAL NOTICES

Notice of creditors' meeting under Section 48(2) Insolvency Act 1986

Company No: 1413351

Registered in England and Wales

Shevepalm Limited
(In Administrative Receivership)

Principal place of business:
Prentis Quay, Sittingbourne, Kent.

Notice is hereby given pursuant to Section 48(2) Insolvency Act 1986, that a meeting of the creditors of the above named company will be held at the offices of Coopers & Lybrand, Orchard House, PO Box 262, 10 Albion Place, Maidstone, Kent ME14 5XG on Wednesday 30 November 1994 at 3.00pm for the purpose of receiving a report prepared by the Joint Administrative Receivers and if thought fit to establish a committee ("the creditor's committee") to exercise the functions conferred on it by or under the Insolvency Act 1986.

A proxy form is enclosed. Creditors whose claims are wholly secured are not entitled to attend or to be represented at the meeting. Other creditors are only entitled to vote if:

(a) They have delivered to us at the address shown below, no later than noon on Tuesday 29 November 1994, written details of the debts they claim to be due to them from the company and the claim has been duly admitted under the provisions of Rule 3.11 Insolvency Rules 1986; and

(b) There has been lodged with us any proxy which the creditor intends to be used on his or her behalf.

Please note that the original proxy signed by or on behalf of the creditors must be lodged at the address mentioned.

Signed: E M Shires
Joint Administrative Receiver
Dated: 14 November 1994.
A copy of the report is being sent to creditors herewith.
Address for submission of proxy forms:
Orchard House, PO Box 262, 10 Albion Place, Maidstone, Kent ME14 5XG

In the matter of Fission Industries Limited
and
In the matter of the
Cyprus Companies Law Cap 113

Notice is hereby given that the creditors of the above-named company which is being voluntarily wound up are required on or before the 22nd day of December 1994 to send in their full names, their addresses and descriptions, full particulars of their debts or claims and the names and addresses of their solicitors (if any) to the undersigned Mr Costas L Mavrocordatos, ACA of Julia House, 3 Themistocles Dervis Street, PO Box 1612, Nicosia, Cyprus, the liquidator of the said company, and if so required by notice in writing from said liquidator, to come in and prove their said debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 22nd day of November 1994
Costas L Mavrocordatos
Liquidator

Coopers & Lybrand

MANUFACTURER OF TOILETRIES AND SOAPS

French of London

French & Scott Ltd

The Joint Administrative Receivers, S P Holgate and J M Iredale offer for sale as a going concern the business and assets of French & Scott Ltd., a manufacturer of toiletries and soaps based in Kingsley, Hampshire.

Principal features of the business include:

- freehold premises
- turnover c£1m per annum
- established customer base
- trade names including French of London, Tempura, Queens etc.

For further information, please contact Steve Holgate or Robert Coyle at Coopers & Lybrand, Melrose House, 42 Dingwall Road, Croydon, Surrey CR0 2NE. Telephone: (081) 681 5252. Fax: (081) 686 6906.

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(Founded and owned by ETBA S.A.)

INVITATION FOR EXPRESSIONS OF INTEREST IN PURCHASING THE ASSETS OF AGRO-INDUSTRIAL OF PIERIA - (GE.VI.) S.A. NOW UNDER SPECIAL LIQUIDATION

GREEK EXPORTS S.A., established in Athens at 17 Panepistimiou Street, in its *capacity as special liquidator of AGRO-INDUSTRIAL OF PIERIA - (GE.VI.) S.A.* (in accordance with Decision No. 3210/1992 of the Thessaloniki Court of Appeal, by which GE.VI. S.A. has been placed under special liquidation) and within the framework of article 46a of Law 1892/90, as supplemented by article 14 of Law2000/91 and complemented by article 53 of Law 2224/94 combined with Decision No. 2407/1994 of the Thessaloniki Court of Appeal

INVITES

interested buyers to express their interest in purchasing the total assets of GE.VI. S.A. now under special liquidation, by submitting a non-binding, written expression of interest within twenty (20) days from today

AGRO-INDUSTRIAL OF PIERIA (GE.VI.) S.A. was founded in 1976 (Govt. Gazette No. 2146/8/7/76) and set up a modern industrial unit in the Methoni region of Pieria for processing, canning and freezing fruit and vegetables. In parallel, the company maintains a fruit sorting unit in the Nafplion area.

The company's industrial complex is situated on self-owned land 98,444 m² in area with a built-over area of 27,039 m² on the old Thessaloniki-Katerini national road.

GE.VI. S.A.'s assets for sale can be sold as a whole or as the functional units listed herebelow:

a) Katerini industrial complex.

b) Fruit sorting and packing factory in the Nafplion area on a plot of land 4,500 m² (built-over area 2,112 m²).

c) A two-storey building in Thessaloniki (22 Aesopou Street and Promitheos) each floor with an area of 179.47 m² and a basement 131.65 m² in area.

Details concerning the public auction

Prospective buyers, after signing a written undertaking of confidentiality, may receive the Offering Memorandum from the offices of the liquidating company.

They will also have access to any other information they may seek and may visit the *premises of the company under liquidation*

The Offering Memorandum will describe in detail the total assets of GE. VI. S.A. for sale and any other information considered useful for the prospective buyer.

The announcement of the public auction will be published within the prescribed time limits and in the same newspapers.

For the Offering Memorandum any further details or information please apply to:

1. a) Athens - GREEK EXPORTS S.A., 17 Panepistimiou Street, (1st floor) Tel: +30-1-324.3111 Fax: +30-1-323.9185
   b) Thessaloniki - 7 Nikis Ave. Tel. +30-31-278.623 & +30-31-239.371
2. The head office of ETBA S.A. Holdings Department, 87 Syngrou Avenue (4th floor), Athens, Greece. Tel. +30-1-929.4611 and 929.4613.

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The Joint Administrative Receivers, S P Holgate and J M Iredale offer for sale as a going concern, the business and assets of A J Batten, a commercial baker based in Crawley.

Principal features of the business include:

- freehold bakery recently extensively modernised and refurbished
- turnover c£2.8m per annum and profitable business
- diverse customer base of wholesalers supplying to the fast-food industry
- product range including both frozen and fresh bread, principally burger and hot-dog buns.

For further information, please contact Steve Holgate or Robert Coyle at Coopers & Lybrand, Melrose House, 42 Dingwall Road, Croydon, Surrey CR0 2NE. Telephone: (081) 681 5252. Fax: (081) 686 6906.

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TECHNOLOGY

Keeping better tabs on truancy

The widespread truancy highlighted in today's educational league tables is likely to heighten the debate in schools about the use of electronic technology to monitor pupils' attendance records.

Merely checking up on pupils more rigorously can make substantial cuts in truancy figures, according to research by the Truancy Unit at the University of North London. Nearly two-thirds of truants would not skip lessons if they believed there was a risk of getting caught.

Monitoring systems such as swipe cards and electronic registries are seen by many teachers as expensive, complex and unproven. But the schools that have pioneered their use are frequently enthusiastic about them. Don Vickers, head of Hesketh Fletcher High School in Manchester, reports that truancy rates have declined dramatically since the introduction of an electronic register in September 1993.

This system, which was produced by Bromcom, a Kent-based computer company, supplies the teacher with a small computer in an A4-sized folder instead of a paper attendance register. The computer folder includes a radio transmitter and receiver, which transmits data to a radio tranceiver unit mounted on a nearby wall or roof. These units, the number of which depend on the layout of the school, are linked to a PC in the school's office. The system has been installed in 80 schools at an average cost of around £20,000.

The advantage of this system is that it reduces teachers' administration, allows regular and more accurate monitoring of absences and produces letters to parents about the absence quickly. It also allows the school to check attendance at every class, cutting down truancy after pupils have registered.

Vanessa Houlder

Figuring it out: new Treasury rules acted as a catalyst for using computers and portable phones to provide better information

Life catches up with laptops

New disclosure requirements for insurers have placed greater importance on detail, writes **Alison Smith**

When the Treasury insisted that all UK life insurance sales agents and advisers should give customers more information about their policies, it also delivered a bonus for makers of laptop computers and mobile phones.

Some life insurance companies were already emphasising technology when the Treasury made its move in July last year. But the new requirements to give more information to potential investors on the products, the costs of selling them, and the returns to the customer if long-term policies are surrendered in the first few years, have forced the whole sector to give the issue greater priority.

The disclosure regime, which will be compulsory from the new year, has focused attention on the appropriate technology in two ways.

First, having to reveal the cost of selling a policy has put even more importance on cutting costs for selling and for processing the sale. Second, having to provide customers with more information that is specific to their circumstances creates a need for more sophisticated systems.

"I think there will be no escaping technology from January," says Nigel Smith, sales computing manager at Axa Equity and Law.

The scale of the challenge facing the sector is underlined by the fact that even NatWest Life, which opened for business at the start of last year with computer systems costing £40m, is having to make some changes.

NatWest Life had provided its sales force with Toshiba laptops linked to a Unisys mainframe, where the information keyed in by sales agents is automatically downloaded. Adam Walton, head of life and pensions, says the systems will be modified to take account of the disclosure requirements both when a policy is sold and when it is issued.

The company, a subsidiary of the National Westminster Bank group, has had some benefit in making a late start, since it could set up a system from scratch and decide to sell only a limited and relatively straightforward range of products.

For other life companies, with wider product ranges and more established systems, meeting the demands of disclosure requires a greater response.

For example, Legal & General, one of the UK's largest insurers, is upgrading the laptops it provides for its sales force, as will be Axa Equity & Law, which will also provide printers for all its sales agents who use laptops, so that documents can be produced in the customer's home. Other insurers expect upgrading the process to take place over some months next year.

Prudential Corporation, the UK's biggest life insurer, is taking a different approach. Instead of buying laptops for the 7,000-strong sales force, Alan Smith, marketing director for its home service division, has placed the largest-ever single order in the UK for mobile phones.

The phones will be programmed to Prudential's "quoteline" where the 200 operators will key in to the computer what the sales agent says about a customer's circumstances and provide the detailed information. It is backed up by a freephone number for the areas of the UK where mobile phones do not work.

Alan Smith believes that in the future laptops will be the answer – but says Prudential's decision for the current changes is based both on cost and the sales process.

The company estimated that buying laptops would cost £25m initially, and then an annual cost of £11m. The mobile phone solution is estimated to cost £3m as a one-off expense and then £5m a year.

Smith adds that trials on how the laptop fitted into the sales process showed it was an encumbrance. Simply by flipping the screen up, the sales agent created a barrier. "If I'm a sales agent, when I concentrate on keying in information, I lose eye contact and the customer is back watching EastEnders."

For life companies with more diverse distribution than Prudential, using more technology can be a more complicated process.

Axa Equity & Law, for example, sells its products in three ways: through a direct sales force, through "tied agents" – separate companies that agree to sell only the life insurer's financial services products – and through independent financial advisers.

Nigel Smith says that laptops are not compulsory, and though nearly all tied agents use them, only about half the direct sales force does. These sales agents have a choice of machines they can rent: all are capable of connecting with Elvis, the company's main system, but the cheaper ones take longer. He thinks the company will probably review early next year its policy of allowing laptops to be voluntary. "It is a cultural issue in many respects."

Independent advisers can also access the Elvis system, but there are regulatory limits to the support that individual life companies are allowed to give independent advisers.

One way through this for life companies, and for advisers who want information about the companies' products, is the Exchange, owned by Origo and AT&T.

This project was launched in 1991, and is a way of giving independent advisers electronic access to information about life companies' products. Advisers pay £250 and an annual charge of £65 for the software, while life companies provide an annual subsidy of £4m.

The system does not yet cover every life and pensions product, but within two years Paul Lindsey, its managing director, expects to have all products except group pension schemes available.

As for the new regulatory requirements, Lindsey says: "From January we will be giving independent advisers the ability to calculate specific commission at the point of sale, and to be able to print out client-specific illustrations".

He is in no doubt that the disclosure regime has acted as a catalyst in speeding up the use of technology.

Technically Speaking

Biotech patents under threat

By David Roberts

The fate of the European Union Draft Directive on the legal protection of biotechnology inventions will be known shortly. An EU Conciliation Committee is due to meet on November 28 to see whether differences between the Council of Ministers and the European Parliament can be worked out.

Unfortunately, if the Parliament's amendments to the directive are adopted, the impact on biotechnology in Europe will be worse than being left with the uncertainty of a patchwork of national legislation. Industry research, medical science and the prospects of finding new medicines will be worse off than they are today.

First introduced in 1988 with the intention of defining, clarifying and harmonising patent law for the biotechnology industry in Europe, the draft directive has recently undergone a number of mutations, mainly stemming from a well-intentioned but under-informed concern with bio-ethics.

While no one would disagree that patenting parts of the human body *in situ* should be banned, it is vital that patent protection be available for isolated products derived from the human body if new biotechnology-derived medicines are to be developed. In the pharmaceutical industry, products will simply not be developed if R&D costs cannot be recouped during the period of exclusivity that the patent system provides.

The European Parliament does not seem to have realised the importance of this distinction and has voted in an amendment (Amendment 3) which would effectively reverse the original intention of the directive.

The amendment means there is now a grave danger that isolated human genes, proteins and enzymes could be rendered unpatentable in Europe. This would be a retrograde step compared with current patent laws. More important, Europe would be placed at a competitive disadvantage with respect to other countries with a major biotechnology industry, especially the US and Japan. The consequences for investment in Europe would be devastating.

The fault – and the solution – lies with the European Parliament. By February of this year, most of the issues raised by the directive had been addressed, and the Council of Ministers had reached a "common position" which was acceptable to industry. However, a committee of Members of the European Parliament proposed a number of amendments, many of which the European Commission agreed with industry would be potentially lethal for biotechnology development in Europe.

It is universally felt within the industry that adoption of the directive in its present form would have far-reaching consequences, creating an incentive for pharmaceutical companies to leave Europe rather than invest here. Equally serious would be the impact on the development of new biopharmaceuticals and on the treatment of genetic diseases such as cancer, cystic fibrosis, Huntingdon's chorea, schizophrenia, Alzheimer's, arthritis and atherosclerosis.

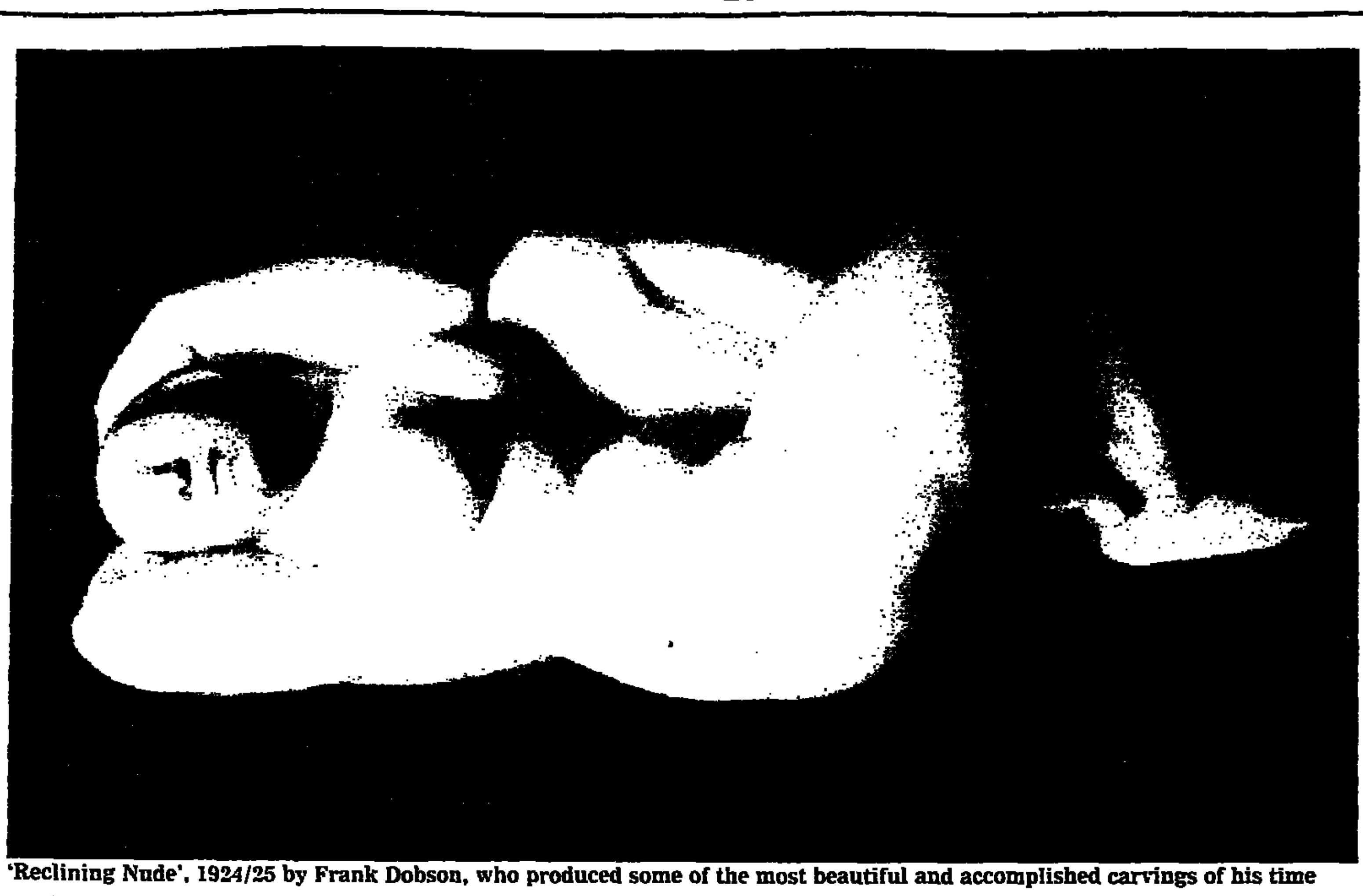
The membership of the Conciliation Committee, which meets on November 28 to try to find a way round the problem, consists of 12 MEPs and 12 members of the Council of Ministers. The Council has made it clear that it refuses to accept Amendment 3 and wants to establish a legal framework that enhances Europe's competitiveness in this important field.

Therefore, the ultimate outcome will depend largely on the attitude taken by the MEPs. It is still possible that these MEPs and the European Parliament as a whole can put the directive back on track before it is too late.

If not, industry is unanimous in its feeling that it would be better to have no directive at all.

The author is chairman of the biotechnology committee of Interpat, an organisation representing the world's research-based pharmaceutical industry. He is also senior vice president, corporate intellectual property, at SmithKline Beecham.

ARTS



'Reclining Nude', 1924/25 by Frank Dobson, who produced some of the most beautiful and accomplished carvings of his time

Primitivism given the nod

William Packer on an overdue retrospective of Frank Dobson's sculpture

Frank Dobson died in the summer of 1963 at the age of 77, closing a career which had brought him early critical success but ended in illness and comparative neglect. He was recognised as a distinguished artist up to a point – Royal Academician, sometime Professor of Sculpture at the Royal College and all that. And he had continued to work until his last few years. Indeed he was responsible for the Zodiacal clock which happily still animates the preserved facade of Bracken House, the old headquarters of the Financial Times, beside St Paul's.

Even so, he was to be memorialised in that very British, faintly patronising way, as an artist whose talent had been unsustained, his promise unfulfilled. With the judgment of his obituary in The Times was a hint as to why this should be so: ". . the intrinsic merit of his work . . . always commanding respect, even though it was to some extent overshadowed by, or at all events less spectacular than, that of some of his contemporaries." Yes indeed, and it is by the nicest irony that this present exercise in critical rehabilitation – which is *entirely* welcome – should be undertaken under the aegis of the Henry Moore Foundation and its Institute for Sculpture at Leeds.

For Dobson was of the generation of artists that immediately preceded that of Henry Moore, trained in the years before the Great War and declaring a *first creative* maturity in the first years of the peace, when the Moores, the Hepworths and the Skeapings were still at art school. His immediate *sculptor peers* were such artists as Jacob Epstein, Eric Gill and Gaudier-Brzeska, and like them and their pre-war contemporaries abroad – Kirchner, *Matisse*, *Picasso*, *Modigliani* – he was already well aware of the invigorating creative possibilities opened up by the example of primitive and *ancient* sculpture.

The earliest piece in this show, a crouching figure carved in sandstone, arms crossed and head laid back flat upon the shoulders, *dates from 1915*, and openly declares the clear if generalised influence of pre-Columbian carving, a source which a dozen years *later we find Henry Moore tacitly* reserving to himself. It is easy to forget just how general the interest in the primitive was even by the turn of the century, *with Gauguin away in* the South Seas, and how strong its effects upon both painting and sculpture across Europe. It is equally easy *to forget quite how effective Moore* and his critical apologists, Herbert Read and Adrian Stokes, were in rewriting the critical history of British Sculpture, AM as it were, and PM.

The reputations of Gill, Gaudier, and Epstein *especially*, have been reappraised and much restored in recent years. That of Dobson, who in the early 1920s was widely considered *the best of them all, alone has contin*ued to wither in neglect almost until now. There is no need for us to swing back to the adulatory excesses of *Roger Fry, who considered Dobson's* to be the first true and pure sculpture ever to be attempted in England, or Clive Bell, who thought he "promised *to become the best (sculptor) we have* produced for centuries", to find such neglect, on the evidence of this beautiful exhibition, both gross and unfair.

But we can also begin to understand quite why he fell so out of favour. *He would always be safe* enough for a public commission here, an offical exhibition abroad there, to be chosen for the aborted Venice *Biennale of 1940, for example, or in* 1951 to be given a commission for the Festival of Britain. But we can see now that even at his most popular *and celebrated moment in the 1920s*, he never was a truly avant-garde or experimental artist. That nod towards the primitive was no more than a nod, *and his truer sympathies lay with* that more classical strain in modern European sculpture represented by Maillol and Bourdelle.

And why not? Dobson was ever intelligent and sensitive in his modernism, *looking* to such as Matisse and Picasso as it suited him but never self-consciously or artificially. And if the natural development of his work *led him* away from abstraction or an extreme formal distortion, it should never be a criticism of an artist to accuse him of not being avant-garde.

But our age would seem to require it. Dobson was never the greatest of our sculptors, his example more useful for the probity of his craftsman*ship than for any conceptual innova*tion. Do the reclining figures of the 1920s show a way that Moore would follow yet never admit? Do the combined heads and figures offer a link to Gaudier and Modigliani? Do the little bronzes look to Matisse and Degas? The arguments go round and round. It should be enough that in the works shown here, notably an exquisite torso of *1928*, and the larger figure, "Cornucopia" of 1927, in both of which the figure turns with the easiest of grace, he produced some of the *most beautiful and accomplished* carvings of his time.

Frank Dobson - Selected Sculpture *1915-1954: Henry Moore Institute*, Headrow, Leeds, until December 31.

Concerts/David Murray

Virtuoso cellist

The Huddersfield Contemporary Music Festival, which continues in full spate through next weekend, has assumed the mantle of the former Almeida Festival. All the Almeida virtues are triumphantly reproduced. Huddersfield's artistic director, Richard Steinitz, is as tireless as Pierre Audi and Yvar Mikhashoff used to be about trawling new music for anything seriously interesting: original forms, artists with unheard-of talents, ambitious new ensembles.

The current festival differs from the Almeida one only in having more venues and tighter programming – and being in Huddersfield. If more music students got modest grants to spend a week at the festival each year, the *long-term effects on the collective imagination* would be profound. On Sunday, a recital by the extraordinary cello virtuoso Frances-Marie Uitti was a perfect case in point.

In arcane new-music circles, Miss Uitti is notorious for having developed a way of playing the cello with two bows at once, permitting full four-note chords and much more besides. Contemporary composers are constantly anxious to do more with less: the Uitti style expands the range of the cello into untested possibilities. But she proved also to be a formidable, intrepid musician; none of her boggling feats seemed mere tricks, but were laden with sense and feeling.

Half of her recital consisted of short solo pieces composed or adapted for her, each of them addressed with fervent conviction. The second half consisted of one premiere: *Advaya*, with electronics and a "midi-keyboard", by Jonathan Harvey – one of the festival's *featured composers this year*. The interplay between Uitti's cello and the extra electronic voices and sounds was sensa*tionally effective, and some*times built to massive climaxes on a near-orchestral scale. It made a unique experience, one that seized the imagination by main force. Harvey's wild ingenuity and Uitti's acrobatic finesse left us awestricken.

Peter Maxwell Davies is also featured, still in the throes of *celebrating* his 60th birthday. Tonight the Royal Philharmonic plays an all-Davies programme at Huddersfield; on Sunday it ventured only part of it in the *Royal Festival Hall*, together with of Vaughan Williams's evergreen Tallis Fantasia and John Ireland's jolly, *ropey Piano Concerto, played* for more than its worth by the excellent Kathryn Stott.

Since Max is the RPO's "associate conductor/composer", it seemed odd that his London birthday concert should be so mingy. He was represented only by a suite from the first act of his 1991 ballet *Caroline Mathilde* (commissioned by the Royal Danish Ballet) and by one of the dimmest little pieces he has ever composed, "A Spell for Green Corn: the MacDonald Dances" for violin and orchestra.

Since the ballet music sounds disappointingly like, well, *ballet* music – naked tunes-with-accompaniments, simple, unambitious dramatic effects, much of it reassuringly tonal in a style that does not fire Max's inspiration – the new "Spell for Green Corn" followed it with a particularly dull thud. It was hard to credit that he should put his name to such a feeble folk-fantasy, devoid of any inventive spark.

Opera in recital/Antony Bye

Purcell's King Arthur

Apart from his one real opera, the seemingly indestructible *Dido and Aeneas*, Purcell's theatre works sit uneasily on the modern stage, where, to be taken seriously, austerity is more to be prized than frolicsome glamour. Dryden and Purcell's *King Arthur* has little to do with the stuff of Athurian legend: lacking Camelot, the Lady of the Lake of the Knights of the Round Table, it focuses on Arthur the forger of Britain's imperial destiny and his campaign against the Saxon invasion, culmination in a dramatically feeble though rousing enough glorification of Britain's greatness – an occasion for some of Purcell's most uneven music, veering between the sublime "Fairest isle" to tub-thumping fanfares.

King Arthur demands a lavishness of presentation available to only the most generous of budgets and, if Dryden's play is enacted in full, a comparable stamina from audiences. Concert performances of the music alone are an obvious alternative, yet however wonderful Purcell's music, it does *need some kind of broader con*text for it to make its dramatic impact. A favourite solution – a narration to link the more *than 40 musical numbers* – was adopted at the *King Arthur* conducted by John Eliot Gardiner at the Queen Elizabeth *Hall on Saturday as part of the* South Bank centre's ongoing Henry Purcell: the English Genius series (which has *already boasted an outstanding Fairy Queen* from Roger Norrington – due on CD shortly from EMI).

The narration proved a mixed blessing, however. While Dryden's flowery rhetoric certainly has its attractions, its hammy delivery by Edward Petherbridge (replacing the advertised Simon Callow) in tone more appropriate to the Death of Little Nell jarred with Gardiner's polished, fluent, often spirited but generally bland account of the score. Neither the secure playing of the English Baroque Soloists nor the robust delivery of the Monteverdi Choir could hide the fact that for all Gardiner's command of Baroque style there was dangerously little interpretation. Does not Purcell's music need as firm a guiding hand as any other great composer's?

Nonetheless, there were some outstanding moments: the Frost Scene with Stephen Varcoe an anguished, eloquent Cold Genius and Nancy Argenta an exquisite, vibrantly reassuring *Cupid*; and some fresh, ardent singing from Paul Agnew in his tenor solos, including the impossible *stratospheric "I call you all to* Woden's Hall". But on the whole, Dryden's subtitle to *King Arthur* aptly summed up *the general tone of Gardiner's* approach: "British Worthy".

Goals for ABSA winners

Leyton Orient are not *winning many soccer* matches this season but they scored at the annual prize giving of the Association for Business Sponsorship of the Arts yesterday, the jolly when corporate sponsors are rewarded for their commitment to the arts.

The "O"s won the award for increasing access to the arts. The club commissioned Arc *Theatre to write a play* about racism and tour local schools with it. The aim was to attract more young blacks and Asians to its matches.

The ABSA winners were the usual mix of the imaginative and the predictable. The Royal Bank of Scotland deserved recognition for its corporate programme which has kept the arts afloat in Scotland, most notably the Edinburgh Festival and Scottish Opera, and Lloyds Bank won again, this time for youth sponsorship through its Film Challenge.

Other deserving cases were Manchester Airport, which took the International Sponsorship prize for taking Contact Theatre and Tara Arts abroad, and Ernst & Young, which, as a first time sponsor, committed a great deal of cash to the Picasso show at the Tate.

Underlining that sponsorship now positively embraces the *avant-garde were the prizes for* Beck's Beer, which preserved Rachel Whiteread's concrete "House" beyond its demolition date, and Ibstock, which took the new category of sponsorship in kind by providing the 50 tonnes of clay sculptor Antony Gormley needed for the 43,000 figures in his work "Field for the British Isles."

Dartington Crystal won the Long Term Commitment award; Allied Domecq the Single Project, for its £3m support for the RSC; and Barefoot Books was the small business winner for helping Polka Theatre. The Guinness Award went *to the Grand Theatre, Black*pool, which has acquired 12 new sponsors in the past year, while the Business in the Arts Adviser for 1994 is Mike Stallard of London Underground.

Arthur Andersen sponsored the Awards along with The Times, whose critics' award went to the New Contemporaries touring arts exhibition. After five years BT has done its bit and this annual show, which lifted the careers of David Hockney and Damien Hirst, needs a new backer.

Antony Thorncroft

New link for the Bankside Tate

The Tate Gallery yesterday announced the six architects selected as finalists in the competition to design the proposed Tate Gallery of Modern Art on London's Bankside.

They are David Chipperfield (UK); Herzog & de Meuron (Switzerland); Office for Metropolitan Architecture (Netherlands); Rafael Moneo (Spain); Renzo Piano (Italy); and Tadao Ando (Japan). The winner will be announced in February.

The Tate will be applying to the National Lottery financed Millennium Fund for much of the £80m needed to convert the disused power station into the nation's leading museum of modern art. The gallery space available of at least 120,000 square feet is larger than the current Tate at Millbank: this will continue as the Gallery of British Art.

The FT has offered to organise a competition for the design of a footbridge linking the new Tate with St Paul's, which is immediately opposite across the Thames.

A.T.

Theatre/Alastair Macaulay

A Song at Twilight

We tend to think of Coward as a playwright of the 1920s, '30s and '40s. Congratulations therefore to the Greenwich Theatre for reviving his 1966 play *A Song at Twilight*. As it begins, it reminds you of sundry other Coward plays. But, as it develops, it also reveals a gift for suspense that Coward had seldom employed. Then, seriously, it addresses a subject that had underlain all Coward's earlier oeuvre but round which he had always, childishly, skirted.

One of the several ways in which *A Song* takes your breath away is the hostile light in which the male protagonist – Coward's own role – is viewed. The role has wit and a certain urbane charm, on the surface; and no doubt Coward himself made the most of those. But then the play peels that surface away.

We see Sir Hugo Latymer, an eminent elderly writer living in Switzerland, being beastly to his wife Hilde. She doubles as his secretary, and their relationship is a development of that of Garry and Monica in *Present Laughter*. We see him being charming to his young butler, Felix. But all this, we sense, is preamble to the arrival of his old flame, Carlotta. Carlotta turns out *to be a well-preserved and much-married* lady aged about 50; and the degree to which she skirmishes with Hugo and reminds him of the past makes her a successor to Garry's wife Liz and the seductress Joanna, *both in Present Laughter*. But all this is also preamble.

The most daring feature of Tom Smith's excellent Greenwich production is how *uncharming and unsympathetic it makes Sir* Hugo from the first. John Quentin, who plays the role, is testy, acid, defensive. His lack of charm makes him an unnatural Cowardian, but has the advantage of ensuring that we face head-on Hugo's unpleasant hypocrisies, cruelties, evasions. Gideon Davey, the designer, has given Hugo's sitting-room a glacial air. Lois Baxter, as the elegant Carlotta, has both the rapier conversational technique and the womanly charm to point up all the more clearly what Hugo lacks. Alison Skillbeck, as Hilde, neatly catches the dowdiness, forbearance, and pragmatism that have been necessary to live with this man for 20 years.

If you are inclined to see this play, read no further; just go. For the best fun of *A Song* is its suspense. The skeleton in Hugo's cupboard which Carlotta finally addresses is his own homosexuality. We reach it, melodramatically, just before the interval. But the beauty of the play is that Carlotta is not blackmailing Hugo, though he presumes she is. She simply wants him to admit not merely that he has a homosexual past, not merely that his thoughts have been homosexual *all* his life, but most importantly his own capacity for loving anyone.

It is this link between Hugo's sexual repression and his misanthropy that is the play's *most exciting feature. It illumines everything*; the preamble, we see, was not preamble at all. And the play's wordless conclusion – Hugo's gasping reaction as he re-reads the letters he *once wrote to the man who was his one true* love - *suggests* that his own ice is indeed about to crack. *A Song at Twilight* is Coward's most adult play, and so this revival does him honour.

At the Greenwich Theatre, SE10.

INTERNATIONAL ARTS GUIDE

■ PARIS

OPERA/BALLET
Champs Elysées Tel: (1) 47 23 37 21/47 20 08 24
● Kitege: opera by Rimsky-Korsakov. Director Valery Gergiev at 7.30 pm; Nov 23
● La Dame de Pique: opera by Tchaikovsky. Director Valery Gergiev at 7.30 pm; Nov 25, 26, 27; Dec 1, 2
● La Khovantchina: opera by Mussorgsky at *7.30 pm*; Nov 29, 30; Dec 3, 4

■ BERLIN

OPERA/BALLET
Deutsche Oper Tel: (030) 3 41 92 49
● Dialogues des Carmélites: by Poulenc, in three parts. A new production directed by Günter Krämer. Conductor Jiří Kout at 7.30 pm; Nov 23, 25, 29; Dec 1

■ BONN

OPERA/BALLET
Oper Der Stadt Tel: (228) 7281
● Il Guarany: by Antonio Gomes, in *Italian with German surtitles*. Conductor John Neschling, production by Werner Herzog at 8 pm; Nov 30
● La Fanciulla del West: by Puccini, in Italian with German surtitles. Conductor Eugene Kohn, production by Gian-Carlo del Monaco at 7 pm; Dec 2 (8 pm)
● La Traviata: by Verdi. A new production conducted by Eugene Kohn, with production by Jürgen Rose. In Italian with German surtitles at 8 pm; Nov 22, 26 (7 pm) ; Dec 4 (7 pm)
● The Sleeping Beauty: a new production of Tchaikovsky's ballet. Produced and choreographed by Youri Vámos at 7 pm; Nov 27; Dec 1 (8 pm) , 3

■ BOLOGNA

OPERA/BALLET
Teatro Comunale Tel: (051) 529999
● Il Turco in Italia: by Rossini. A production directed by Evelino Pido at 8.30 pm; Nov 26, 29; Dec 1, 4, 6

■ ROME

THEATRE
Teatro Dell' Opera Tel: (06 481601
● L'Arlesiana: by Bizet at 7 pm; Nov 25, 26, 27

■ AMSTERDAM

GALLERIES
Rijksmuseum Tel: 020 673 21 21
● Art of Devotion 1300-1500: major winter exhibition focusing on the spiritual function of objects in the *medieval period*; from Nov 26 to Feb 26 (Not Sun)
OPERA/BALLET
Het Muziektheater Tel: (020) 551 89 22
● Rosa: new production of the opera by Andriessen. Directed by Peter Greenaway at 8 pm; Nov 22, 25, 28

■ LONDON

CONCERTS
Barbican Tel: (071) 638 8891
● Mozart: Idomeneo: Sir Colin Davis conducts the London *Symphony Orchestra at 7 pm*; Nov 25, 27
Festival Hall Tel: (071) 928 8800
● Philharmonia Orchestra: with *conductor Charles Dutoit and pianist* Peter Jablonski play Tchaikovsky (piano concerto No. 2) and Shostakovich (symphony No.5) at *7.30 pm*; Dec 6
● Royal Philharmonic Orchestra: with conductor Vladimir Ashkenazy and pianist Shura Cherkassy play Rubenstein's *piano concerto* No. 4 and Tchaikovsky's Manfred Symphony at 7.30 pm; Dec 7
● Russia Old and New: Royal *Philharmonic Orchestra with the* Brighton Festival Chorus, London Choral Society and conductor Vladimir Ashkenazy perform *Schnittke, Prokofiev and* Rachmaninov at 7.30 pm; Dec 5
Garrick Tel: (071) 494 5085
● Koninklijk Concertgebouworkest: conducted by Sir Georg Solti, play Beethoven, Bartok and Kodály. With pianist Evgeny Kissin at 7.30 pm; Nov 23, 26, 29; Dec 2, 7
Queen Elizabeth Hall Tel: (071) 928 8800
● The Fall of Icarus: Multi-media event inspired by Bruegel's, 'Landscape with Fall of Icarus'. Belgian director Frédéric Flamand collaborates with Italian artist Fabrizio Plessi and composer Michael Nyman at 7.45 pm; Dec 2, 3
GALLERIES
Barbican Tel: (071) 638 8891
● A Bitter Truth: a multi-media exploration of changes in attitudes towards World War 1 throughout its duration; to Dec 11
National Gallery Tel: (071) 839 3321
● Allegory: selection of paintings from the permanent collection on the *theme of allegory*; to Dec 4 (Not Sun)
Royal Academy Tel: (071) 439 7438
● The Glory of Venice: a major survey of Venetian art in the 18th *century*; to Dec 14
OPERA/BALLET
Barbican Tel: (071) 638 8891
● The Kirov Opera: director Valery Gergiev brings his entire company to the UK for just one night to give the first complete British performance of Rimsky-Korsakov's opera, The Legend of the Invisible City of Kitezh at 7 pm; Nov 28
Royal Opera House Tel: 071 240 1200
● An Ashton Celebration: The Royal Ballet Company pays tribute to its founder choreographer with a short festival of his work, consisting of 12 *ballets and divertissements*. Performance includes a new production of Daphnis and Chloë by Ravel at 7.30 pm; Nov 28, 30
● *La Traviata*: by Verdi. A new production by Richard Eyre. Georg Solti conducts for the first five performances, then Phillipe Auguin. In Italian with English surtitles at 7.30 pm; Nov 25, 29; Dec 2, 5
● Mixed Programme: includes the World Premiere of Michael Clark's New Clarke Ballet, Fearful Symmetries choreographed by Ashley Page, and Symphony in C by Bizet, choreographed by George Balanchine at 7.30 pm; Dec 1, 6, 7
● The Sleeping Beauty: a new production of Tchaikovsky's ballet. Produced by Anthony Dowell, set designed by Maria Bjornson at 7.30 pm; Nov 23, 26 (2 pm) ; Dec 3 (2 pm)
THEATRE
Gielgud Tel: (071) 494 5065
● Hamlet: by Shakespeare. Directed by Peter Hall, designed by *Lucy Hall*. With Stephan Dillane, Michael Pennington, Donald Sinden and Gina Bellman at 7.15 pm; to Feb 4 (Not Sun)
National, Cottesloe Tel: (071) 928 2252
● Rutherford and Son: by Githa Sowerby, directed by Katie Mitchell. *Sat and Thur* mats at 2.30 pm; to Nov 26 (Not Sun)
National, Oliver Tel: (071) 928 2252
● Racing Demon: by David Hare, *the first of a trilogy of plays*. Sat mat at 2 pm; to Nov 22 (Not Sun)
● The Seagull: by Chekhov, in a new version by Pam Gems. Sat mat at 2pm at *7.15 pm*; Nov 23, 24, 25, 26

■ NEW YORK

GALLERIES
Museum of Modern Art Tel: (212) 708 9480
● *A Century of Artists' Books:* Exhibition of 140 books from some of this century's foremost artists; to Jan 24
OPERA/BALLET
Metropolitan Tel: (212) 362 6000
● Don Giovanni: by Mozart, sung in Italian at 8 pm; Nov 25, 28; Dec 2, 6
● Lady Macbeth of Mtsensk: by Shostakovich (Russian) at 8 pm; Nov 22, 26, 30; Dec 3, 7
● Madama Butterfly: by Puccini at 8 pm; Dec 1, 5
● *Rigoletto: Italian opera by Verdi* at 8 pm; Nov 23, 26, 29; Dec 3
New York State Theater Tel: (212) 870 5570
● The Nutcracker: by Tchaikovsky, performed by the NY City Ballet. Tue-Thu 6pm. Fri 8 pm. From Nov 30 to Dec 31 (Not Mon)
THEATRE
Walter Kerr Tel: (212)239 6200
● Angels in America: Tony Kushner's Tony-award winning play. Sun mat at 3pm. Wed., Thurs., Sat. at 8 pm; to Dec 4

■ WASHINGTON

CONCERTS
Kennedy Centre *Tel: (202) 467* 4600
● Los Angeles Philharmonic: Conducted by Esa-Pekka Salonen, plays Lutoslawski, Ravel and Sibelius at 5 pm; Nov 26
GALLERIES
Phillips Collection Tel: (202) 387 2151
● Pictographs of Adolph Gottlieb: *exhibition* of one of the founding members of the New York School; to Jan 2
OPERA/BALLET
Kennedy Centre Tel: (202) 467 4600
● Le Nozze di Figaro: by Mozart sung in Italian with *English* sur-titles at 8 pm; Nov 22, 25, 27

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Ambitious for global growth

John Gapper on the success of UK investment bank BZW

This has not been a happy year for UK investment banks.

Since the tightening of US monetary policy in February started to disrupt financial markets and deny the banks easy trading profits, firms such as S.G. Warburg have disclosed sharply reduced profits and announced plans to tighten their belts. The upset has renewed doubts that any UK investment bank has either the capital or the expertise to rival large US firms such as Goldman Sachs.

Yet Barclays de Zoete Wedd, the investment banking arm of Barclays, has survived the turmoil with plans for expansion intact. Its trading technology and innate caution have brought profits of £194m in the first half of 1994, despite the difficult trading conditions. And it has started a review that is likely to lead to a push *into the US capital markets.*

Created in the run-up to the Big Bang deregulation of the City of London in the mid-1980s, BZW started a long way behind established UK merchant banks, such as Warburg. However, it could yet emerge with the best claim to be a global investment bank.

It has been helped by three strengths:

● Innovation: the firm was formed when Barclays acquired stockbroker de Zoete and Bevan and equity market-maker Wedd Durlacher and combined them with its own relatively weak merchant bank. As a newcomer, BZW had to devise and sell new products to gain business.

"We were not able to grow like a classic UK merchant bank, so we had to do it the other way round," says Sir Peter Middleton, BZW's chairman.

Rather than waiting for companies to ask it to raise debt or equity on their behalf, BZW *approached them with ideas* that it believed would attract institutional investors. Last year, for example, it advised 19 UK companies on issuing enhanced scrip dividends to reduce their tax bills.

"You sit at the cross-roads between issuers and investors listening to the babble, and you try to pick out strands," says Mr Amir Eilon, joint head of BZW's debt capital markets group.

● Consistency: it has not attempted to establish trading arms outside the UK except in countries where it has built up a business in originating and underwriting securities.

"There is no point in setting up a huge, powerful infrastructure for selling equities if you do not have a sensible flow of primary business," says Mr Graham Pimlott, BZW's head of merchant banking.

This has limited opportunities in some of the fastest expanding markets, but means that once BZW has moved into a country, it is likely to stay. In Japan, for example, it has maintained its presence despite making poor returns after the downturn in equity markets.

"We do not believe in pulling out of things because of a temporary loss of business or momentum, so we are careful about entering in the first place," says Mr Jonathan Davie, head of equities.

● Risk management: BZW has powerful software to manage risk that helped prevent trading losses in this year's difficult conditions. "This year, we have been very good at managing risks down in uncertain markets," says Mr Andrew Bruce, head of risk management.

The technique should also help allocate capital to activities with the highest returns, one reason why Barclays has brought its lending to large companies outside the UK under BZW's control, and is moving towards the same approach for UK companies.

Yet for all these strengths, BZW also faces obstacles. The largest one is its weakness in advising big UK companies on corporate strategy, an activity that generates income in secondary activities.

Mr Pimlott assesses BZW's position in the field as being "at the bottom of the first division, but very much in it". Mr David Band, chief executive, admits progress has been slower than originally expected because of entrenched loyalties to other banks in the UK market.

Comparing BZW with Warburg, Mr Band says: "We have got the products and are building the clients, while they have got the clients and are filling in the products." But displacing old-established firms such as Warburg as advisers is a hard task. "There is a system of appointed merchant bankers and brokers, and you usually only get the chance to dislodge them when they have mucked something up, or there is a conflict," says Mr Band.

Another difficulty is BZW's lack of a strong arm issuing and trading US equities and bonds, which limits its claim to be a global player. At the moment, it has small US bond operations, and sells only European and Asian equities there. It has just launched a review to find a way of correcting this, and must choose between trying to grow the business organically, forming a partnership with a US investment bank, or possibly acquiring a smaller US securities house.

However, BZW has one advantage over competitors: access to capital from the parent bank. This gives it the strength to expand through acquisition, and allows it to operate with less day-to-day capital than free-standing rivals. Mr Chris Ellerton, a bank analyst at Warburg, estimates that BZW would require more than twice its level of equity capital if it operated as an independent firm and wanted the capital strength of J.P. Morgan, the US bank.

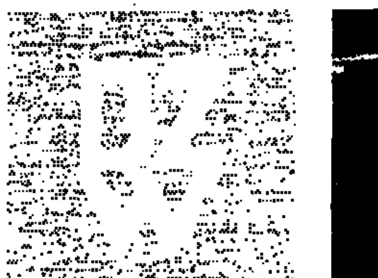
Its ability, as a subsidiary of Barclays, to operate with less day-to-day capital tends to flatters its profits. BZW reported a 42 per cent return on net assets last year, making it hugely profitable. But the figure would have been lower if it had operated with the amount of capital needed to stand alone. Rivals also argue that profits are inflated by the integration of Barclays' money markets and foreign exchange operations within BZW.

Its dependence on Barclays for capital backing creates a further obstacle in establishing a clear image for BZW with potential customers. Mr Band says that it has further to go in this regard, including disclosure of more financial information than the bare pre-tax profit published at the moment. "I think we'd be perceived as more valuable if people knew more about how we were made up," he says.

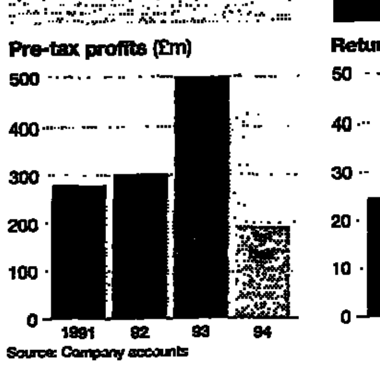
Yet BZW's greatest weapon against US investment banks may be outside its control. If European capital markets became less fragmented, and a stronger pool of institutional investment funds developed, Europe could start to rival the US as a target for companies raising capital. This would help leading European investment banks drum up business from those companies.

Until that happens, BZW and its European rivals will find it a struggle to become true global players.

BZW: coming good at last?

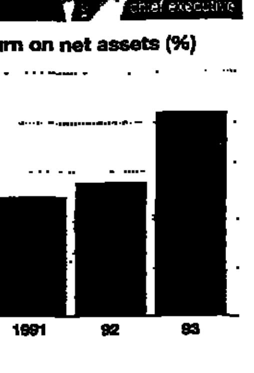


Pre-tax profits (£m)



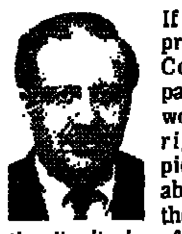
Source: Company accounts

Return on net assets (%)



Joe Rogaly

The odour of rising damp



If they had privatised the Conservative party its board would be in a right old pickle. Think about it. There they would sit, the dignitaries of Tory Promotions plc, dog-eared copies of the latest consultants' report spread out before them. Report? That is not the word. The note prepared by Mr John Maples is the most devastating indictment of a sinking enterprise since Noah was informed, following in-depth qualitative research, that there was a distinct odour of rising damp about the place.

The deputy chairman of the party did not intend that his charge-sheet should be published. He might have known better. My colleague Robert Peston *reproduced its main* points in yesterday's FT. It says, very nearly in so many words, that the government has been seen through by a significant proportion of the voters who supported it in April 1992. "We must deliver improved results in the four key areas of the economy, law and order, education and health," writes Mr Maples.

Quite so. But does he fully appreciate what he is saying? Sure he does. He is as an affable and apparently straightforward fellow. He is telling Mr John Major, for whose perusal the note was intended, that after 15 years of Conservative rule, four of them under the prime minister, people feel insecure about jobs and living standards. They doubt the government's competence, and suspect its motives. They are nervous about the prospects for treatment in hospitals. They deplore the collapse of families, values and morality, wince at school closures, and – *unkindest cut of all* – believe that Labour would be more likely than the Tories to restore law and order. Nor is the boss himself spared. "Special consideration and planning is needed for the prime minister's activities to give meaning and focus to everything else we do," he writes circumspectly on page 12, echoing page 2's call for "purpose and direction".

There we have it. Mr Maples's thesis is a cry of despair. He has analysed the results of detailed interviews with 80 people who voted Tory last time, but who doubt that they will again. Every Tory MP with a majority under 20,000 knows why. "So, what can we do . . .?" wails the deputy chairman. He hopes that better news management will help the party *explain* that "four or even five years of recovery with no rise in living standards" is "good for the longer term". You can *appreciate* the difficulty by noting one particular paragraph in the appendix to his memorandum. Voters, it appears, have come to believe that "although in the 1980s the Conservatives seemed to promise a classless society of opportunity, the reality is now that the rich are getting richer on the backs of the rest, who are getting poorer".

> **A private-sector Tory Promotions board would be trembling. They would not know whether to resign or double their own pay**

Funny about that. Fate has so arranged matters that Robert Peston's scoop appeared on the same day as the announcement by British Gas that its top managers are to pay themselves up to 75 per cent more. This self-improvement plan is exceeded in the modesty of its aspirations only by the delicacy of its timing and the tact *with which it has been conveyed.* It follows the latest round of gas price increases, which will be higher for those who fail to pay by direct debit. Clearly, British Grab likes to have its hand in your pocket. It feels more comfortable there.

The voters who told Mr Maples that they worry about their jobs will note that the performance indicators upon which privatised industry directors are basing their handouts to themselves move sharply upwards whenever employees are sacked. Hence the motto of the 1990s: downsizing equals upbonusing. Labour cannot lose on this one. All it has to do is remark in tones of injured innocence that the government could give the regulators of privatised monopolies stronger powers. Mr Major has time in which to act. His publicly owned administration is sitting on a five-year contract. A private-sector Tory Promotions board would feel less secure. Its members would be trembling at their deputy chairman's report. The poor boobies would not know whether to resign or award themselves double pay, triple bonuses, and universal options.

Do not misunderstand me. Labour could yet lose the next election, even against this imperfect government. It is good at losing. Bear with me as I shuffle my files. Yes. Here it is. *Any Southern Comfort?*, the mirror-image of the Maples report, was published in September. This Fabian pamphlet, by Giles Radice and Stephen Pollard, noted the failings of the people's party. It, too, drew on focus-group research into *potential Labour voters.* It found that while Labour is better regarded than it was, it is still on probation. White-collar and skilled manual employees are worried about crime, jobs, health care, their children's futures. Labour has not yet convinced sufficient potential converts that it will make the streets safe and enlarge the employment market without raising taxes or restarting inflation.

See? Mr Tony Blair's repositioning of his party has indeed only begun. Yesterday Mr Pollard, he of the Radice-Pollard pamphlet, argued, in a paper published by the Social Market Foundation, that Labour should explicitly embrace the market. In *The market and Clause IV* he offers an idealist's version of the statement of aims that will shortly be put before Labour's national executive. He wants references to trade unions and nationalisation out, and a statement that the market is the only efficient means of allocating resources in. Mr Blair may do all that, but not so starkly. He could waffle on about ethics and little else, but that would be to dodge the issue. He could resort to cloudy talk of public ownership in auspicious circumstances, but then he might as well keep the present quasi-Marxist formulation.

Whatever he does he had better not dilly-dally. Next week the chancellor will deliver what may become the last budget before tax cuts are back in fashion. That will lay the groundwork for a "responsible" act of brigandage. Next year, or the year after, or in both years, Mr Kenneth Clarke, finance director of Tory Promotions plc, will try what has worked so well in the past. He will bribe the shareholders with their own money. The Maples memo can then be shredded. Glued to the national lottery, this nation of *suckers may once again get the* government it deserves.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Poor case against soft commission

From Mr Andrew Smithers.

Sir, Lex's comments on soft commission (November 17) were ill-considered. There is no case against soft commission that is not also an argument against all forms of commission and, while payment for services via commission leads to abuse, it certainly needs not.

Payment for research has traditionally been made through commissions. Forcing these payments to be restricted to houses which offer dealing services as well as research will reduce the ease of entry and restrict competition. Measures that contribute to reduced competition are clearly in the interests of integrated securities businesses and it is fair to point out that Mercury Asset Management is part of a large integrated securities business.

It is important that commissions payments of all kinds should not be abused, but it is equally important that abuses should not arise through fund management companies being owned by broker/dealers. The regulations designed to achieve these ends should not, however, serve only to reduce competition.

The Financial Times does not normally support anti-competitive measures and it is sad to see Lex doing so.

Andrew Smithers,
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Share dealing risks in Russia eliminated by new systems

From Mr Karen Antonyan.

Sir, Your article, "Fears over share security deter investors in Russia" (November 16), merely encourages investors' belief that all share transactions in Russia carry a high risk of fraud. In practice, experienced, reputable brokerages have developed procedures that all but eliminate the settlement and custodial risks referred to.

The Sirius computerised settlements system, currently being adopted by a number of the latest Russian enterprises, including Surgutneftegaz and Yuganskneftegaz, provides buyers and sellers with a secure and auditable mechanism. Electronic trading systems are being introduced by KPMG while DCC is developing a secure custodial system.

Russian securities law may be in its infancy, but it still provides strong and clear redress for investors who find themselves in conflict with factory managers and their registrars. The main deterrent to increased investment in Russia may well be the disproportionate publicity afforded to incidents such as Transworld's.

Karen Antonyan,
director,
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12 Vrubel Street, 125080,
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Positive part of pyramid

From Mr Charles Griffiths.

Sir, The FT particularly will realise that there are losers in all types of business endeavour. Why should network marketing be any different?

It is very sad that Bethan Hutton's article (Weekend Money: "Inside the pyramid game", November 19) fails to mention any of the positive aspects of the Amway business, the important part Bris and Kerry Bovill have played in developing that business and, in so doing, the opportunities they have created for hundreds if not thousands of people facing a bleak and uncertain future.

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Expediency in Euro airline decisions

From Mr Geoffrey Lipman.

Sir, Paul Betts's article on European airline competition ("Struggle at the airport gates", November 10), underplays one important dimension of the issue. Fifteen months *ago the European Commission* appointed its "Comité des Sages" (Wisemen's Committee) to propose a way forward for Europe's floundering airlines.

The Comité's report, widely hailed as a beacon for future development,
concluded that only elimination of state protectionism, and creation of a genuine "level playing field" in the European market, would force European airlines to restructure to be cost-efficient, global competitors.

Shortly after the report was published, the Air France decision was released – paying lip service to the detailed Sages conditions, but qualifying each with legal or bureaucratic nuances effectively to remove the teeth.

Take a few examples:

● The report said: "A privatisation plan must be in place." *The decision acknowledges:* "Best efforts will be made for privatisation."

● The report said: "There must be a published independent assessment of any restructuring plan before implemention." The decision: "Has no prior independent assessment."

● The report said: "The restructuring should be monitored by independent experts." The decision says: "If the Commission considers it necessary."

Of course the Sages' recommendations were not sacrosanct – the Commission was free to accept, reject or amend the proposals. But what is regrettable for Europe is that the objective analysis and pragmatic safeguards of the Sages' report have been neatly side-stepped, and political expediency has played a large role – the very thing which the recommendations sought to overcome.

Unless the courts amend this decision, or new transport commissioner Neil Kinnock revisits it, the liberalisation cause will have been set back five years, and with it the thousands of jobs riding on the travel tourism output and export revenue that a competitive air transport system can deliver.

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president,
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4 Suffolk Place,
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Beating the system

From Mr Seppo Raisanen.

Sir, Emma Tucker's article (Perspectives: "Welcome to Soviet Belgium", November 12) about Soviet Belgium's *burrocracia* (as the Brazilians write it) in the strongest way indicates the need for the so-called developed countries to adopt the Brazilian *despachante* (expeditor) system.

Despachante is the full-time professional interface who, for a modest fee, makes all direct contact between an expat or a native and officialdom (customs, police, tax men, including the paying of fines and buying of "presents") unnecessary. The only thing he cannot do is provide his customer's fingerprints.

All this without a treaty against bureaucracy – written by whom? The bureaucrats?

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Nicaragua hindered by stabilisation programme

From Mr Trevor Evans.

Sir, Edward Orlebar's article, "Nicaragua limps back to life" (November 1), is mistaken in saying there has been no economic growth in Nicaragua since the 1970s. In fact, following the Sandinista revolution in 1979, the country's gross domestic product expanded at an average rate of 4.8 per cent a year from 1980 to 1983.

One important reason for the decline from 1984 onwards was the lack of access to foreign finance, mainly due to the economic boycott of Nicaragua instituted by the US government. Since the UNO government took office in 1990, though, the country has received exceptionally large amounts of foreign finance, with loans and donations amounting to almost 40 per cent of GDP a year.

However, much of this finance was conditional on the government implementing one of the most hard-hitting stabilisation and structural adjustment programmes in Latin America. This has led to a situation where, according to government figures, 55 per cent of the population is now without a proper job, and poverty has increased strikingly, especially in rural areas.

Mr Orlebar gives the impression that little has yet changed in the public sector, but this is not true. Government consumption has been cut by a third, employment has been reduced by 20 per cent, and nearly all the country's 350 nationalised companies have been privatised.

The key problem in Nicaragua is that, despite all the foreign finance, after three years of structural adjustment policies, the economy has still not demonstrated any significant growth.

Imports of expensive consumer goods have flourished, to the benefit of a small minority, but the balance of payments has deteriorated and private investment is now even lower than it was in 1990.

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FINANCIAL TIMES

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Tuesday November 22 1994

A different US outlook

The authors of the Organisation for Economic Co-operation and Development's country reports are always at the mercy of somewhat lagged publication dates. But this month's Congressional elections make the latest annual survey of the US, published yesterday, read rather like an encouraging mid-term report, for a pupil subsequently suspended.

One year on from its last assessment of the country's progress, the OECD's verdict resembles that of the electorate: must try harder. Where it differs is in believing that both President Bill Clinton and Mr Alan Greenspan, chairman of the Federal Reserve, must deliver more of the same in the years ahead for the economy's future to be secure. Much of the authors' short-term analysis has been overtaken by the events of recent weeks. Their sobering long-term prescriptions for the economy have not.

The US economy, in the OECD's view, has performed "remarkably well" over the past two years. "The expansion has become more firmly established, and job creation has accelerated, without the re-emergence of any wage and price pressures thus far." Unlike many US voters, the organisation awards some of the credit for this achievement to Mr Greenspan and the administration.

By raising interest rates before any visible hints of inflation, Mr Greenspan was quicker to tighten the monetary screws than his predecessors. Many in the business community, predictably, griped. Yet, as the authors point out, he was acting to slow a recovery very much of his own making.

Domestic demand

Low interest rates have played an unusually large role in driving the present upturn. The report notes that, by the end of the second quarter of 1994, the interest rate-sensitive components of domestic demand – fixed investment and durable goods consumption – had risen 30 per cent since the recovery began at the start of 1991. This helped to deliver the 10 per cent rise in gross domestic product over the same period, despite the fact that other demand components rose only 5 per cent.

The organisation is duly sceptical about the possibility that current growth rates can be sustained without a pick-up in inflation. Manufacturing productivity has improved dramatically since 1990. Some, including Mr Greenspan, hope that factors like computerisation and continued low inflation may produce a structural improvement in the economy's efficiency. But the OECD, at least, would not rely on it, predicting 2.8 per cent inflation in 1995, up from this year's 2.1 per cent.

Interest rates

To judge by last week's monetary tightening, Mr Greenspan has decided to be similarly cautious. Indeed, by raising interest rates by three-quarters of a percentage point, he has already surpassed the half-point rise by year-end which the authors expected when the report was written. Mr Greenspan's decisiveness appears to have had a favourable impact on market expectations. But the extra ¼ per cent will give the OECD little reason to revise down its prediction of 2.9 per cent growth in real GDP for 1995, down from around 3.8 per cent this year.

Updating the report's careful analysis of Mr Clinton's legislative efforts will present more of a problem. Uncontroversially, the report singles out the 1993 deficit reduction package as something of a landmark, crediting the administration for two-thirds of the fall in the overall US budget deficit in fiscal year 1993. This was 3.4 per cent of GDP in 1993, down from a record 4.3 per cent in 1992.

The federal budget deficit is expected to fall to a low of $173bn in 1996. But, as the authors point out, it will then begin to rise again, topping $200bn by 1999. Mr Clinton's other legislative programmes – health care, welfare reform, "reinventing government" and others – receive plaudits from the authors, for addressing, if only on paper, the country's long-term social and economic weaknesses.

Of course, these are all things which Mr Clinton failed to deliver in 1994. Republicans in Congress might justifiably argue that the voters elected them to achieve more, in these areas, than Mr Clinton. The danger is that they will see it as a mandate to do less.

Better schools for all

When the government first published league tables of school and college performance in English public examinations two years ago, the move was highly controversial. Enlightenment has now triumphed, and the Labour party has renounced its opposition to the publication of performance yardsticks. The challenge now is for politicians, irrespective of party, to develop policies to improve the lamentable results achieved by the bottom fifth of Britain's schools.

If extended to other government educational reforms, Labour's change of heart may foster a welcome consensus on the basic structure of England's education system. League tables are the first step. The next should be a Labour commitment to preserve the autonomy of grant-maintained schools, while vesting the government's necessary reserve powers in local education authorities.

If Labour also bites the bullet of student finance, it could even lead the education debate for the first time in the past decade. The recent report of the party's social justice commission rightly recommended that students should contribute to the cost of their tuition. It will not be possible to sustain quality higher education without such a reform – unless other vital parts of the education system, notably schools, are to be starved of resources.

Yesterday's performance tables emphasise the work to be done at the pre-18 level. Although for the second year running the tables show improvements in both GCSE and A-level performance, it is still the case that well under half of England's 16-year-olds achieved at least five C grades at GCSE.

Truancy rates

Furthermore, that proportion – unacceptably low if Britain is to become a high-skill economy in the foreseeable future – masks abysmal performance by a significant minority of schools. Some inner city authorities reported results barely half as good as the national average, with alarming truancy rates and individual schools achieving hardly any GCSE passes at high grades.

There are, of course, explanations aplenty. But none of them are of any help to the children whose employment prospects are blighted by being unable to function in jobs requiring basic numeracy and literacy. The publication of exam results has helped to focus attention on the problem: in some cases that attention alone has been a stimulant to improvement. But in more it has simply exposed a failure which continues from year to year.

What is to be done? A host of government policies is on the table or in operation, notably the rapid development of vocational qualifications to cater for the less academically able, greater autonomy for school head teachers and governors, more nursery education, more frequent school inspections with the threat of task forces for schools which fail to improve, and the provision of greater financial incentives for teachers.

Greater autonomy

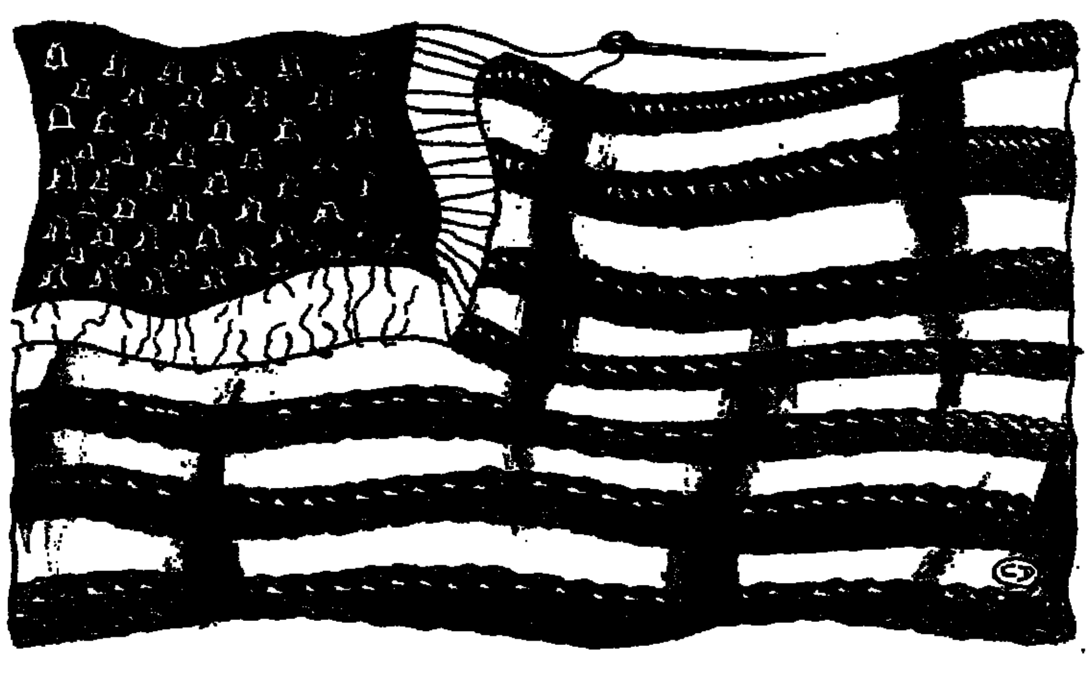
Greater autonomy is valuable to successful schools; but it often exacerbates the failure of the less successful. For that reason, the principle behind the plan to send task forces into schools which are seriously failing is sound. The government has yet to use its powers to do so. It should not flinch from taking such action.

Only a small number of schools can be tackled by task forces. For the rest, the development of nursery education and vocational qualifications are vital priorities. It will not be easy to fund universal nursery provision, and there are valid concerns about the new General National Vocational Qualifications. But it would be a mistake to slow the pace of reform: all four-year-olds should have access to a nursery place, and all secondary-age pupils should have the option of taking rigorous vocational courses instead of more traditional academic routes through school and college.

However, there is no use in pretending that educational reforms alone will improve the lot of failing schools. The problems they face are as much social as educational – rooted in poverty, family breakdown, racial tension and urban blight. Most of the areas affected are run at local level by Labour councils. A new partnership is needed between teachers, councils and central government to improve inner city schools. If political parties could exploit their new common ground to that purpose, they would deserve a higher ranking in the public's estimation.

Stitched together for better or worse

Baby Bell phone companies and US cable TV operators are increasingly chasing the same market, says Tony Jackson



Across the US, telephone companies are clubbing together to get into cable television. Cable companies are clubbing together to get into telephony. Telephone and cable companies are getting together with each other – and with the entertainment business.

Next month's $10bn-plus auction of mobile phone licences by the US government is triggering a transformation of the communications industry. But the strategic issue is wider than a race for licences. Companies are positioning themselves to supply America's homes with an enormous range of services, from simple phone calls to dial-a-video and armchair shopping.

The two main groups of contestants are the regional phone companies, otherwise known as Baby Bells, and the cable TV operators. Technically, each group is now capable of doing the other's job. But as regulated local monopolies, they have been kept apart by government decree.

Now technological change is creating new opportunities for them to sell each other's services that are outrunning government's ability to police their separation. The barriers between them are breaking down.

In the short term, the results could be damaging for both industries. As Salomon Brothers' telecoms analyst Mr Jack Grubman points out, neither local telephony nor cable is a growth market in the US.

Annual turnover in US local telephony is put at $90bn (£55bn), cable at $20bn. More than 90 per cent of US homes have a telephone, and local telephone sales are rising only in line with inflation. The cable companies pass 90 per cent of homes and serve 75 per cent.

"Anybody who doesn't have cable," says Mr Grubman, "doesn't want it, can't afford it or has a satellite dish."

If these two powerful industries invade each other's territory with investment plans totalling billions of dollars, the inevitable result will be vastly increased supply and plunging prices. Yet both industries are planning to spend $1,000 per customer to duplicate each other's business, says Mr Grubman.

Some would dispute the figure – the cable companies, in particular, argue their investment will be smaller. They already have sophisticated networks in the ground that can carry both TV and telephony, while the phone companies' networks still consist mostly of old copper wire that cannot carry TV.

But a battle between the two is now inevitable. Mr Fred Salerno, vice-chairman of New York regional phone company Nynex, says: "We see two full service providers passing houses in America: one a cable company that looks like a telephone company, the other a telephone company that looks like a cable company."

And, he concedes, it will be costly. "There's no doubt the market will be somewhat bloodied for a while. Margins will shrink and market shares will shift."

The telephone companies, he argues, have three basic advantages. First, since they need to modernise their networks anyway, adding the capacity to carry entertainment services comes virtually free. "We can almost justify putting broadband networks out there just on grounds of cost reduction, so the incremental cost of new services is correspondingly low."

Second, he says, the phone companies have much stronger balance sheets. This is true in most cases: as long-established monopolies, the Baby Bells have enormously strong cash flow; cable is a relatively young industry, still carrying debt from its start-up investment and facing the costs of a new round of competition.

The cable companies retort that their shareholders know all about that. As the chief executive of one large cable company puts it: "Our investors permit us the luxury of big capital investments for future growth. The Baby Bells are income stocks and are expected to pay dividends, which is a huge capital requirement every year."

Third, Mr Salerno says, customers prefer the telephone companies for reliability. Historically, the cable companies were created to entertain, not to provide an essential service. Understanding entertainment gives them a valuable edge in the coming battle with the phone companies. But their record in providing service and fixing faults has been correspondingly poor and, while they claim to have made great strides lately, their image may still tell against them.

The telephone companies, by contrast, are utilities with a statutory obligation to provide universal service. If a phone line goes down in the small hours of a Sunday morning, it is their job to fix it.

"Our primary research suggests," says Mr Salerno, "that if we can offer the same services as a cable company, we'll get the business."

However, the battle between telephone and cable companies will be complicated by the growing competition in mobile telecommunications.

In the past, mobile telephony in the US has been restricted by statute to two networks per region. Typically, these are old-fashioned analogue systems with limited capacity; as they are upgraded to digital technology, their capacity will increase at least threefold.

On top of that, the government will next month auction broadband mobile frequencies for personal communications services (or PCS), which will carry mobile telecommunications but also other data. There will be as many as six per region by 1997-98.

The result, says one cable executive, is that "we will be awash with wireless capacity". Charges for mobile telephony are likely to fall as a result.

At present, says Mr Grubman of Salomon, mobile telephony does not eat into conventional local telephone services. "When it costs 50 per cent less [than now]," he says, "it could start to."

Yet both telephone and cable companies are forming alliances with each other, with the long-distance operators and with the entertainment business to bid for the new networks. One might therefore ask why the telephone and cable companies are so keen to join the bidding.

It is here that one runs up against a buzz-phrase in the industry: the value chain. A continuum, it is said, has developed all the way from wires in the ground to Hollywood movies or interactive video games: or, as the jargon has it, between conduit and content.

The telephone and cable companies fear that the value will migrate from the conduit end of the chain to the content end. Hence last month's alliance between three of the Baby Bells and a leading Hollywood talent agency, the aim being to secure a supply of films and other entertainment to put through the Baby Bells' new cable networks.

At present, this is understandable: the explosive growth in the cable/phone networks is running ahead of the entertainment industry's ability to feed it. The logical safeguard against such uncertainty is to be in everything at once. As Mr Salerno of Nynex puts it: "Since you don't know where the value is in the chain, you need to be all the way up and down it."

There will be two notable absentees from the bidding: MCI, the second-biggest US long-distance phone company, and media giant Time Warner, America's second biggest cable company. Both are working on a simple premise: that as overcapacity develops, they will be able to pick up mobile phone licences cheaply in their own time.

For the industry as a whole, however, the flourishing alliances involve much duplication of resources. Inevitably some of the investments now being made will in the future look to have been a monstrous waste.

Mr Richard Bodmin, head of strategy at AT&T, the biggest US long-distance phone company, says that the duplication is necessary. "The way we get more efficient in this country is through experiment," he says. "It's only wasteful from the standpoint of a philosopher king with a view of how it ought to work out."

Mr Bodmin adds that the risk of industry overcapacity is probably not serious over a 15-year period.

"You're going to get periods of oversupply in given areas, and if you take any one part of the network, there might be a year or two when it looks kind of black. But over 15 years, we're nowhere near the end of good ideas to put down the line."

Importance of Nordic influence in EU

PERSONAL VIEW

Now that Finland and Sweden are firmly set to join the European Union next year, and Norway is more likely than not to follow, the character of European co-operation is bound to change. Assuming Norway votes Yes in the referendum on November 28, one person in four around the EU discussion table will come from a Nordic country. The northern perspective will have an important impact on the future of the Union.

This applies not least to efforts to build a common foreign and security policy that can actively contribute to stability in areas that were formerly part of the Soviet bloc. It is often overlooked that Russian power in Europe now directly meets the west and its different institutions only in the areas of the Baltic and Barents Sea.

The region around St Petersburg, by far the largest European city north of London, Paris and Moscow, is set to recover its old role as the window to the west of the Russian lands. The city's impressive industrial and scientific talent, derived from the concentration of military-industrial resources in the region, will give it a key role in the transformation of the Russian economy.

Yet there will be difficulties as well as opportunities. In coming decades the Nordic countries will be forced to concentrate a large part of their foreign and security policy on present and potential problems in the area stretching from Kaliningrad in the south to the Kola peninsula in the north.

These border lands between Russia and the west may become the most impressive growth region in Europe in coming decades. But we cannot ignore risks for the reform process in Russia and for political stability in and around the three Baltic countries. The revanchists of the extreme right and left are far from dominating Russia's political scene. Yet any sign that their influence is growing will send shock waves into the Baltic region and then the entire European system.

In their own interests, as well as those of the wider Europe, the Nordic countries will want early progress towards bringing the Baltic states firmly into the structures of European co-operation. With EU agreements on Baltic trade and economic co-operation now in place, the new Nordic members will be pressing for the Baltic countries to take part in the EU's future enlargement towards eastern and central Europe. The Baltic states share in many respects the same reform policies and western orientation as countries like Poland, Hungary and the Czech republic.

New Nordic members will be pressing for the Baltic countries to take part in the EU's enlargement

Along with a desire for further co-operation in the Baltic and Barents Sea regions, the Nordic states will bring to the EU a sharpening of the debate on reforming welfare systems. Although Nordic economic growth in 1995 is likely to be above the OECD average, the structural problems of the welfare state have left Denmark with appalling long-term unemployment and Sweden with a huge public debt.

Achieving solutions to these issues will not be easy. The debate on the Swedish EU referendum, and the recent general election, demonstrated the strength of "welfare isolationism" in Sweden. There is still an unrealistic belief that the now-extinct "Swedish model" has given us a society generally superior to those in other parts of Europe.

Early next year, under procedures laid down by the Maastricht treaty, the new Nordic members will have to present to the EU their economic convergence programmes. Norway will not have any difficulties. But in Sweden the deep split over the EU in the Social Democratic party, combined with the coming elections for the European parliament, may exacerbate political tensions.

If Norway rejects the EU on November 28, the effects on Sweden and Finland – and Norway as well – will be limited. Nonetheless a Norwegian No would mark the end of the important work in recent years for the renaissance of Nordic co-operation in a European framework. Perhaps wavering Norwegians in rural and northern areas can be persuaded in time that EU membership is a safer option than a weak link within the European Economic Area.

The Nordic countries must make clear the importance of their northern perspective. Perhaps most important of all is the Nordic states' attitude to the larger questions of European co-operation that will be on the agenda at the 1996 intergovernmental conference. In the near term, psychological and political difficulties brought to the surface during the referendum debates might make them appear somewhat reluctant partners. But over the longer term the Nordic states' national interests and natural abilities will drive them in the right direction: to play a full part in the wider process of European integration.

Carl Bildt

The author was Swedish prime minister between 1991 and 1994

OBSERVER

Phillip Thorpe – viticulteur

■ Regulating the UK fund management industry is not an occupation typically seen as long on fizz, so Phillip Thorpe, chief executive of the self-regulatory body Imro, must count as an exception.

It seems he is the proprietor of about 1,000 cases of last year's Crémant de Loire, a sparkling wine made from a mixture of Chenin and Grolleau grapes which emanates from just outside Saumur in the Loire Valley. It has recently appeared on the list at The Alba restaurant in the City of London – thanks to the efforts of Thorpe and his wife Melinda Lowis, from whose vineyard it hails.

Appropriately enough for this New Zealand lawyer, Thorpe is applying antipodean techniques and has hired a New South Wales winemaker to produce a tipple – retailing at £6.50 a bottle – which he describes as "recognisably Loire with touches of fruit and oak".

The vineyard he and his wife bought four years ago, and which was last in production some 40 years previously, now turns out 5,000 cases a year – of the sparkling wine, a still red (Cabernet) and a still white (Chenin). So Thorpe, who spends weekends in France in his capacity as "chief financier, odd job man and unqualified taster", reckons he has enough to permit the first tentative steps into the UK.

Observer hears he has yet to make purchase of two cases of the Crémant a condition of Imro membership.

Representative

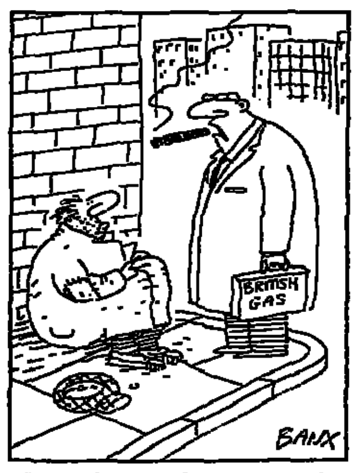
■ Update on last week's item about Axa, the French insurance group, whose name unfortunately means "It stinks" when translated into Japanese. Apparently James Hawken, head of Axa's new Japanese operation, has something going for him. Hawken is Japanese for insurance. Talk about giving the industry a bad name.

Future imperfect

■ Whoops. The Bank of England is just about to lose its top economic forecaster. Paul Mortimer-Lee, 41, head of the Bank's economic forecasting division, is off to be chief economist of Paribas Capital Markets in a couple of months' time.

Most Bank economists jump ship at a much earlier stage in their careers, and the loss of an official of Middleton-Lee's seniority could be a bit of a blow for the Bank. The operation of UK monetary policy depends very much on his type of skill. Decisions on whether to raise or lower base rates are based on a judgment of inflation 18 months to two years ahead, and the Bank has sought to set the framework for such decisions through its quarterly inflation reports.

Unless the Old Lady moves convincingly to plug the gap, it could find its expertise challenged by the clever clogs at the Treasury and elsewhere.



'We both make obscene amounts of money'

No more a'roving

■ It would seem that China's lapdogs are destined to stay right there. Beijing's City officials, having failed in repeated attempts to ban dogs outright, have now drafted a law that prohibits their appearance from markets, hotels, parks, schools, lifts, subways and public buses.

The poor pooches must only be exercised at night, by an adult and with pooper scooper in-hand. These draconian restrictions are soon destined to include an annual licence fee of 6,000 yuan – which is more than double China's average annual urban income.

Dog peddlers are barking mad; a snowy white Pekinese that just a few months ago would have fetched over 20,000 yuan ($2,350) is difficult to sell for 500 yuan ($60). "We can't even give them away," said one.

Shopped

■ Who was that bubbly lady taking copious notes during yesterday's luncheon at Mayfair's Naval club in honour of ace gumshoe Jules Kroll? Penny Vincenzi, author of many a bodice ripper, and The Centre for the Study of Financial Innovation would not appear to be normal soulmates. But it seems that she is researching a new novel about a woman who discovers her husband has committed fraud and calls in a private investigator. No doubt it would not take Kroll long to find out who suggested that she tail him.

Political fallout

■ Democracy is proving to be a pretty exhausting business in Ukraine. The country has just had its third go at filling its 450-member Verkhovna Rada, or parliament, and is still more than 40 short. Only nine new members were voted in after last weekend's elections because rigid election rules, inherited from the Soviet era, require at least a 50 per cent voter turnout.

Most Ukrainians, buffeted by economic hardships and an exhausting two-step presidential election, have lost interest. Elections for the remaining seats have now been put off indefinitely to give voters a rest from the ballot box and to save money.

Deuce

■ Two years ago, SAS International Hotels came up with an acceptably ageist wheeze. Provided there were vacancies, guests over 65 could get a discount equivalent to their ages. So 70-year-olds had 70 per cent knocked off their bill; anyone arriving in their hundredth year would get the room free.

Kurt Ritter, chief executive of Radisson-SAS, as the company is now called, says all went well until a Swedish guest turned up recently at one of the company's hostelries in Vienna and announced that he was 102. He demanded to be paid 2 per cent of the room rate to stay the night. The hotel agreed. The sprightly guest then demanded a game of tennis with the general manager – and got that, too. It is not known whether he took the GM to five sets.

FINANCIAL TIMES
Tuesday November 22 1994

Foreign bidders complain of unfair competition

Brussels warns Germany over power plant contract

By Andrew Taylor in London and Judy Dempsey in Bonn

The European Commission is threatening to seek an injunction to prevent work starting on a DM400m ($257m) German power station contract following complaints of unfair competition.

Germany has been identified by the European Union as one of the worst offenders for failing to apply directives designed to ensure equal opportunities for foreign companies bidding for public sector contracts.

The Commission, separately, has started legal proceedings against the German government in the European Court for failing to incorporate properly into German legislation two of eight EU public works directives. The Commission is understood to be considering court action against Germany for failing to apply four other directives correctly.

It has also asked Veag, the recently privatised eastern German electricity company, to reopen bidding to supply a DM400m steam turbine for a DM5bn power station at Lippendorf, near Leipzig in Saxony.

The contract was awarded to a German subsidiary of Swiss group Asea Brown Boveri. The German offshoot of General Electric of the US has complained that it was "unfairly excluded from the final round of price negotiations".

The Commission, which believes tender procedures were unfairly applied, has warned it may seek a European Court injunction to prevent work starting unless the bidding is reopened.

The issue may be complicated by GE's failure last month to persuade the Berlin district court that the relevant EU public works directives should have applied, although these had not been transposed into German law when the contract was awarded. This judgment is likely to be challenged by the Commission.

GE told the Berlin court that the invitation to tender for the turbine contract had been tailored by Veag to favour the European companies, ABB and Siemens, which traditionally had been treated by the German power sector as "court suppliers".

It claimed Veag had changed its requirements after putting the contract out to tender. Ms Patricia Sherman, counsel to GE's international trade department, said yesterday: "As we found out in the past in trying to enter the German market, there will always be technical reasons for not awarding the contract."

Veag, which was recently sold to a German energy consortium led by RWE, Preussen Elektra and Bayernwerk, said it had adopted an "open" attitude in its negotiations with GE.

Mr Gerhard Bräunlein, of Veag's legal department, said GE failed to win the contract "for technical reasons" and its bid was considerably higher than ABB's.

Head of Alcatel subsidiary held in bills probe

By John Ridding in Paris

Mr Pierre Guichet, chairman of Alcatel-CIT, the telecoms equipment group, was yesterday placed under detention by an investigating magistrate probing alleged false billing and overcharging.

Alcatel-CIT is a subsidiary of Alcatel Alsthom, the French transport and telecoms group. France Télécom, one of the company's largest clients, is alleged to be the victim of overcharging.

Company officials indicated that Mr Guichet, who has rejected allegations of wrongdoing, could step down as chairman after a board meeting today. They said the move would be aimed at limiting damage to relations with France Télécom and would not imply any admission of guilt.

The resignation would be the second in the past week by a company chief involved in a spate of corruption investigations that have rocked French industry this year. Last Friday, Mr Michel Mauer resigned as chairman of Cogedim, the property developer and a subsidiary of Paribas, the merchant bank. He quit to answer corruption charges in a case involving illicit financing of political parties.

The departure of Mr Guichet would be a further blow to Alcatel Alsthom, which has been shaken by corruption investigations this year. In July, Mr Pierre Suard, the chairman, was placed under investigation after allegations that he used company funds for construction work on private properties.

The investigations, combined with a warning of a fall in profits this year, have prompted a sharp drop in the company's share price. Alcatel's shares are currently about 40 per cent below their level at the start of the year.

The probe into the alleged overbilling of France Télécom is a complex case dating back to last year. Alcatel says two former employees, who have left the company, manipulated prices for equipment supplied to France Télécom to their own advantage. In November last year, Alcatel paid the state telecoms operator FFr62m to compensate for the losses and the damage to relations between the two companies.

Since Mr Guichet was placed under investigation in May, however, the investigation has broadened. The original probe centred on overbilling concerning transmission equipment, involving an estimated FFr80m ($15m) of damages to France Télécom. Mr Jean-Marie D'Huy, the investigating magistrate, is now examining whether false billing extended to switching systems and switchboards. Judicial sources say damages could exceed FFr400m.

Saudi bank poised to agree $245m BCCI settlement deal

By Andrew Jack in Paris

Liquidators to the collapsed Bank of Credit and Commerce International are on the verge of agreeing an out-of-court settlement of more than $245m from Saudi Arabia's largest commercial bank.

National Commercial Bank of Saudi Arabia, and Sheikh Khalid bin Mahfouz, former chief operating officer, are to pay the cash and waive their own claims of $600m against the bank. In exchange, the liquidators will drop all further charges against them, according to sources close to the negotiations.

The deal would end one of the most significant outstanding pieces of litigation in the BCCI saga. The bank was closed in July 1991 by global banking regulators following revelations of widespread fraud.

The settlement follows the launch of five civil actions by the liquidators of BCCI at the accountancy firm Touche Ross against Sheikh Khalid and NCB in five countries. These sought damages in excess of $30bn.

There would be no admission of responsibility with regard to the allegations made in the actions, which claim Sheikh Khalid made false statements about loans from BCCI. The actions further allege that he conspired to conceal the sale of shares in BCCI and elsewhere.

It is understood the deal has been discussed by BCCI's creditors' committee, which is supervising the liquidation. The money could be released in the new year. It still requires approval from the courts monitoring the liquidation, and signatures from NCB and the liquidators.

At the end of last year, Sheikh Khalid and NCB made a settlement with the US authorities to pay $225m in exchange for the dropping of criminal charges brought against them by Mr Robert Morgenthau, the New York district attorney.

As part of the latest agreement, $180m of the earlier US payment will be released to the liquidators for distribution to creditors. Sheikh Khalid will provide additional cash of $245m and is expected to waive claims for $330m in capital notes and more than $270m in deposits he was owed by BCCI at the time of its closure.

Sheikh Khalid took a stake in BCCI in 1986 on behalf of NCB, but withdrew the following year. He resigned from BCCI's board in 1989, and later from NCB.

The new settlement will leave outstanding three principle legal actions by the liquidators: against the Bank of England, and also the Luxembourg Monetary Institute, the banking regulator, for failures in their regulation duties towards BCCI, and against accountants Price Waterhouse and Ernst & Whinney for failures as auditors to BCCI.

Liquidators say creditors will receive a final dividend of 30p-40p in the pound for every pound lost.

OECD cautions on US rate rise

Continued from Page 1

"consistent evidence that the economy is operating at levels where it is vulnerable to an acceleration in inflation can be found in the recent behaviour of the job vacancy rate, slower vendor deliveries, spreading capacity constraints and spot shortages in certain sectors and for certain types of high-skilled employees."

Many analysts believe that the economy will probably slow in any case, because of the interest rate increases already pushed through, as well as the progressive satisfaction of pent-up demand for cars and houses that built up during the recession.

But the OECD points out the risk of wage inflation as the unemployment rate has dropped well below the 6-6½ per cent level at which it estimates wage increases start to accelerate.

Even if the US economy has more capacity than the OECD estimates, the report says, "erring on the side of restraint would appear to be the best policy posture at this point in the business cycle," particularly as raising short-term rates would comfort financial markets and might lead to lower long term rates.

THE LEX COLUMN

Engine for expansion

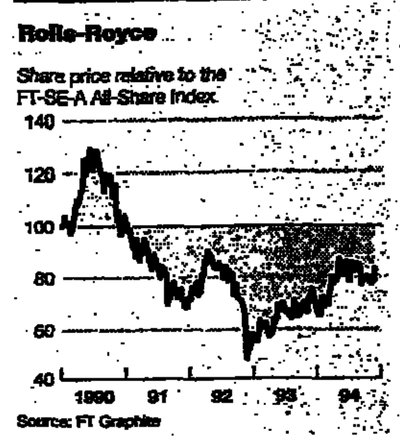
Rolls-Royce's proposed acquisition of Allison Engine makes sound industrial and commercial sense. It takes the UK company into new niches within the defence market – for example large turbo-prop engines and small engines used by light helicopters – and broadens its offering in civil markets. The deal appears to make financial sense as well, even if Allison has an uninspiring sales record and is only now making a nominal operating profit after three years of losses. For next year, there is little danger of dilution: Rolls-Royce's shares are rated at about 25 times next year's expected earnings and recovery at Allison need not be too pronounced to enhance earnings overall. Thereafter, it may be trickier, as for 1996 the rating drops to more modest levels in line with an expected upsurge in Rolls-Royce profits. But Rolls-Royce has done its sums and predicts "unbelievable" cost savings, as it cuts research and development expenditure further and extracts operating and administrative efficiencies. At the same time, revenues are set to rise as four new engines go into production.

The transaction will give Rolls-Royce greater clout with its powerful North American customers, and reduce its vulnerability to fluctuations in the dollar. But the deal does not answer the big question hanging over Rolls-Royce's future, which is whether the UK group has the financial and market muscle to compete with Pratt & Whitney and General Electric over the long run. Nor does it do anything to remove scepticism about the Rolls-Royce share rating, which is taking rather too much in the way of cyclical recovery for granted.

FT-SE Index: 3121.0 (-10.0)

Rolls-Royce

Share price relative to the FT-SE-A All-Share Index



Source: FT Graphite

Ciba/Chiron

Ciba yesterday insisted its deal with Chiron was good for both groups. Chiron and its shareholders would not disagree. Financially, the move gives Chiron access to Ciba's capital backing. That means Chiron will be able to fund its best drugs without being as concerned about quarterly earnings results. Industrially, there is an undoubted fit between the companies' operations, while Ciba can also provide development and marketing expertise. The danger of a cultural clash between stilted Swiss management and Californian working practices has been reduced by Ciba's efforts to alleviate such problems.

Strategically, the deal also makes sense for Ciba. The management concluded the best hope for its pharmaceuticals business was innovation and the best route to innovation was through the biotechnology revolution. Chiron, the biotech group with the largest drugs portfolio in development, will provide Ciba more than adequate access to that revolution.

Doubts about the deal centre on the high premium paid. Ciba has plenty of cash, but claims the purchase is earnings enhancing are at best disingenuous. Ciba, normally proud of its probity in applying accounting standards, has decided not to run $1.3bn of goodwill through the profit and loss account. Whether the deal makes financial sense depends on Chiron's future earnings growth, a subject about which there is little consensus in the market. However, the potentially extravagant price paid should not tarnish Ciba's strategic boldness.

OPEC

At one level, the dispute between Saudi Arabia and Kuwait over whether to roll over OPEC's production ceiling for a year or only six months is purely tactical. After all, both countries have a shared objective: higher crude prices. The Saudis believe a year-long freeze would be more effective. In this case, the market would know there was little chance of the ceiling's being raised in mid-1995 to meet expected increases in world demand. Arguably, it would therefore be unwilling to run down stocks next spring. Yesterday traders responded to the Saudi plan at the cartel's meeting in Bali by pushing up crude prices.

Kuwait's view that a six-month freeze would carry greater market credibility is hard to understand, unless it is seen as a ploy to achieve a higher quota. The sooner the overall ceiling is reviewed, the better the chance of increasing its own share. By contrast, the Saudis want to keep the higher quota they received after Iraq's invasion of Kuwait and so have an interest in freezing the regime.

With two of OPEC's largest members struggling for market share, the cartel looks ill-prepared to cut production in 1995 should that be needed. At the moment, with world demand growing, restraint is unnecessary. But that outlook could be challenged from several angles: the mild start to winter in Europe and North America may continue; non-OPEC suppliers may increase production next year substantially; and UN sanctions on Iraq may be lifted. The manoeuvring in Bali suggests the cartel will find it hard to accommodate such shocks.

UK property

When Mr George Soros decided last June to invest in UK commercial property, such was the American financier's reputation that the sector rose 6 per cent in a single day. Yesterday, when he pulled out, it fell just 1 per cent. Mr Soros argued the decision was based on asset allocation: with interest rates moving up the opportunities for sharp increases in asset values were likely to be limited. However, the move probably says more about how Mr Soros' property fund has traded than about prospects for UK property per se. Followers of Mr Soros are not used to seeing their shares trading at a discount to net assets.

Despite the sector's muted fall, the decision is clearly a setback for British Land, the company with which Mr Soros had formed the joint venture. Its disappointment is likely to be motivated less by yesterday's 3 per cent drop in its share price than the loss of Mr Soros' magic at opening bankers' doors. Mr Soros' "long-term investment" was supposed to run until 2004 but lasted just 13 months.

By spending £142m to acquire its joint-venture partner, British Land has raised its gearing to more than 85 per cent. Interest cover is still comfortable. But the rise increases the risk of a rights issue if British Land wants to buy Stanhope Properties and its 50 per cent stake in Broadgate Properties. That fear, rather than the loss of Mr Soros, probably accounted for yesterday's share price fall.

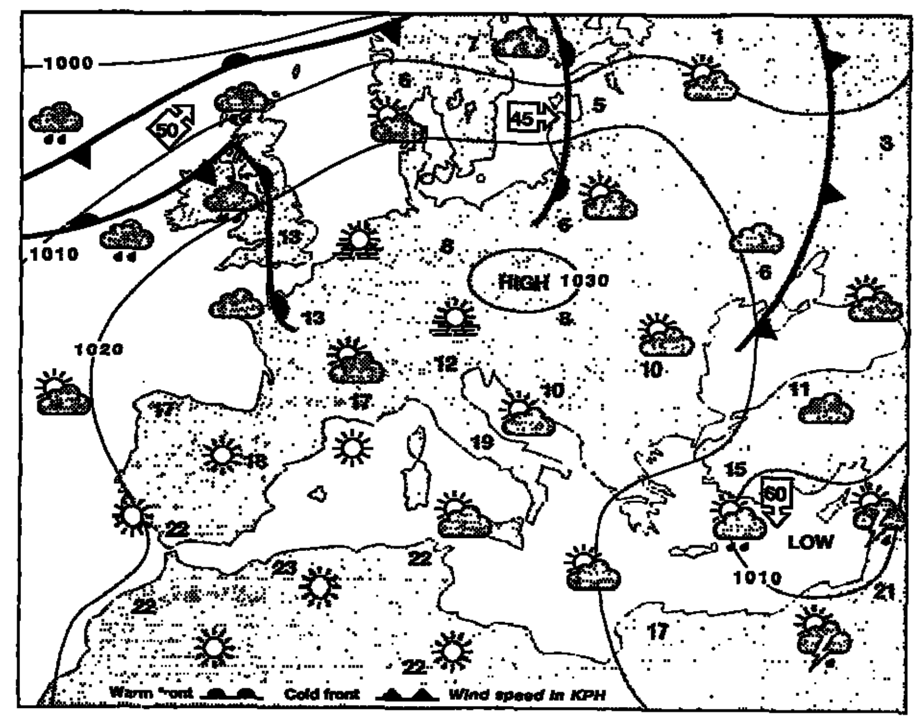
FT WEATHER GUIDE

Europe today

Most of Europe will be settled and autumnal. A complex area of high pressure over central and south-west Europe will cause stable conditions over the Benelux, Germany, France, Spain, Italy and eastern Europe. Fog will develop easily overnight and low cloud will persist during the day, especially in the north-west. Meanwhile, a band of windswept rain will linger over the UK, particularly in the north. Scandinavia will also be breezy. Cloud and rain will affect western Scandinavia and there will be snow in the north. Central and southern Scandinavia and eastern Europe will have sun interspersed with cloud. Showers, some with thunder, will occur over Cyprus and south-east Turkey but other parts of Europe will be mainly dry.

Five-day forecast

High pressure will remain over central Europe for several days and a new high will build over the UK towards the weekend. As a result, the British Isles will be settled. South-west Europe will be sunny. As the weekend approaches, a new depression will develop over the Mediterranean, bringing rain and thunder showers.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum		Beijing	cloudy	7	Caracas	thund	30	Faro	sun	20	Madrid	sun	18	Rangoon	fair	34
	Celsius		Belfast	rain	13	Cardiff	shower	13	Frankfurt	fog	9	Majorca	sun	20	Reykjavik	rain	4
Abu Dhabi	sun	32	Belgrade	sun	10	Casablanca	fair	21	Geneva	fog	11	Malta	sun	21	Rio	cloudy	23
Accra	fair	34	Berlin	fog	8	Chicago	fair	1	Gibraltar	cloudy	20	Manchester	shower	13	Rome	sun	20
Algiers	fair	23	Bermuda	thund	25	Cologne	fog	12	Glasgow	rain	14	Manila	cloudy	31	S. Frsco	fair	16
Amsterdam	fog	12	Bogota	shower	21	Dakar	fair	29	Hamburg	fair	8	Melbourne	cloudy	18	Seoul	fair	8
Athens	fair	16	Bombay	fair	34	Dallas	fair	11	Helsinki	shower	5	Mexico City	fair	23	Singapore	thund	31
Atlanta	sun	17	Brussels	fog	11	Delhi	sun	26	Hong Kong	fair	24	Miami	shower	29	Stockholm	cloudy	7
B. Aires	fair	26	Budapest	sun	9	Dubai	sun	32	Honolulu	fair	30	Milan	cloudy	12	Strasbourg	cloudy	12
B.ham	cloudy	13	C.hagen	fair	8	Dublin	rain	15	Istanbul	shower	12	Montreal	snow	0	Sydney	cloudy	21
Bangkok	fair	33	Cairo	fair	19	Dubrovnik	sun	19	Jakarta	thund	32	Moscow	fair	1	Tangier	sun	21
Barcelona	sun	18	Cape Town	fair	23	Edinburgh	rain	13	Jersey	cloudy	12	Munich	cloudy	9	Tel Aviv	fair	21
									Karachi	fair	32	Nairobi	fair	26	Tokyo	cloudy	13
									Kuwait	fair	24	Naples	fair	20	Toronto	snow	1
									L. Angeles	sun	19	Nassau	fair	28	Vancouver	rain	7
									Las Palmas	sun	26	New York	cloudy	13	Venice	fair	13
									Lima	cloudy	23	Nice	fair	17	Vienna	sun	8
									Lisbon	sun	19	Nicosia	thund	12	Warsaw	fair	6
									London	fair	14	Oslo	cloudy	6	Washington	sun	15
									Lux.bourg	cloudy	10	Paris	fog	14	Wellington	rain	15
									Lyon	fair	11	Perth	fair	27	Winnipeg	snow	-2
									Madeira	fair	23	Prague	fair	6	Zurich	cloudy	11

FINANCIAL TIMES
COMPANIES & MARKETS
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IN BRIEF

Electrolux may spin off metals arm

Electrolux of Sweden, the world's leading manufacturer of household appliances, says it may spin off Granges, its aluminium and metal-working unit, in the first half of next year. Page 22

Rockwell offer close to securing Reliance
The bid battle for Reliance Electric, the US electronics company, appeared to have been won yesterday with an increased offer from Rockwell International of $31 a share. Page 22

Spain considers mobile telephony bids
Two bids are revealed today for a mobile telephony license in Spain, the first big incursion into the highly regulated and monopoly-run Spanish telecommunications industry. Page 24

Foreigners flock to Indonesian market
While local investors actually own most of the shares in listed companies on Indonesia's stock market, foreigners do most of the trading. Page 25

Kyocera lifts sales 8%
Kyocera, the world's largest maker of ceramic packages and electronic parts, lifted consolidated sales 8 per cent, thanks to buoyant demand for cellular phones and electronic components. Page 25

Diploma rises with electronics growth
Strong growth from the electronics and building components divisions of Diploma helped the UK group, which has interests in special steels, to lift pre-tax profits almost 23 per cent in the year to September. Page 27

Vibroplant shares fall after warning
Vibroplant, the UK plant hire group, lifted pre-tax profits 88 per cent in the six months to September. However shares fell after the chairman warned of recent softness in its UK markets. Page 28

Santa receives a call for rapid growth

Electronic games and multimedia computers seem set to take a back seat this winter as a new British appetite expresses itself. It will be the Christmas of the mobile phone. Page 28

European growth helps Filofax
Strong demand from continental Europe helped Filofax Group, the UK stationer to report a 68 per cent rise in interim pre-tax profits. Page 29

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
PWA	241.5	+	4.5
Volkswagen	467.5	+	6.7
Falls			
CKAG Col Pr	801	-	18
Henkel	590.5	-	8.5
Holzmann	830	-	15
Kloeckner Wk	129.5	-	3.5

NEW YORK ($)			
Rises			
Chiron	80¾	+	3
Conseco	40⅝	+	3¼
Dig Equip	36¾	+	1¼
Falls			
Apple Comp	39⅛	-	½
Dupont	55	-	¼
Kemper	42⅝	-	9

New York prices at 12.30pm.

PARIS (FFr)			
Rises			
Intertechnique	460	+	12
LVMH	847	+	11
Falls			
Ecco	668	-	15
Nav Mixte	984	-	35
Peugot	785	-	16
SLIC	700	-	18

TOKYO (Yen)			
Rises			
Dowa F&M	594	+	12
Falls			
Calpis Food	825	-	17
Fuji Spin	507	-	22
Janome Saw	302	-	12
Kajima	861	-	19
Toyo Tire	451	-	19

LONDON (Pence)			
Rises			
Andrews Sykes	100	+	5
Beckman (A)	40	+	3
Chiltern Radio	255	+	7
Critchley	459	+	15
Eidos	320	+	12
Eng China Clays	364	+	9
Filtronic	174	+	6
Hadleigh	125	+	6
Hewetson	98	+	6
Intereurope Tech	134	+	9
Lincat	250	+	7
Magnum Power	142	+	8
Sonic	102	+	15
Walker (JO)	415	+	20
Falls			
Boxmore	262	-	8
British Land	383	-	12
Burndene Inv	41	-	3
Cropper (J)	287	-	7
Hambros	230	-	9
Linton Park	381	-	11
Norcros	120	-	9
Sharelink	187	-	10
Standard Chtd	288	-	5
Vibroplant	120	-	9

Germany postpones Telekom decision

By Andrew Fisher in Frankfurt and Michael Lindemann in Bonn

The German government yesterday surprised the world's leading investment banks by postponing until next month the decision over which of them will be chosen to handle the international side of the DM15bn ($10bn) privatisation of Deutsche Telekom.

A decision had been expected yesterday after a meeting of postal and finance ministry officials. But strong lobbying from European banks which were concerned that the position of global co-ordinator might go to a US institution, appears to have persuaded the government that more time was necessary in view of the share issue's political and financial sensitivity.

Banks close to the talks said that the government was now leaning towards a more balanced solution in which both a US and a UK investment house would work with the German banks – expected to be Deutsche Bank and Dresdner Bank – leading the issue. The US and UK are expected to provide most foreign institutional and private interest in the issue; banks estimate that these countries will account for some DM3bn worth of share purchases each compared with the DM8.5bn or so likely to be sold in Germany.

Government and Deutsche Telekom officials had talks in Washington with the Securities and Exchange Commission last week about a US listing by means of American Depositary Receipts (ADRs). Because of their strong placing power and teams of analysts, US investment banks have been prominent in the list of candidates for the lucrative global co-ordinating role.

European banks have been arguing in Bonn that a UK-based bank, experienced in large privatisations such as those of British Telecom and energy companies, should also be chosen; the Deutsche Telekom issue, likely to take place early in 1996, will be one of the biggest in Europe.

US banks with the strongest chances include Goldman Sachs, Merrill Lynch and Morgan Stanley. In the UK, they include S.G. Warburg, Kleinwort Benson and N.M. Rothschild. CS First Boston has put itself forward solely for the role of adviser to the government, though it is not the only one in the running.

Altogether, 22 banks took part in "beauty contests" in Bonn to help the government and Deutsche Telekom decide which should play the main foreign roles.

The share issue, involving a quarter of the company's capital, will be split between regional consortiums for Germany, the rest of Europe, the US and the rest of the world.

Swiss deliver response to shake-up in world healthcare business

Ciba clinches deal to secure 49.9% holding in Chiron

By Daniel Green in London

Ciba, the Swiss drug company, yesterday made the biggest corporate acquisition in biotechnology for almost five years with a deal which boosts its stake in Chiron of the US to 49.9 per cent.

The transaction which values the holding at $2.1bn gives Ciba access to Chiron's strong research and development programme and a range of products in areas including diagnostics and ophthalmology.

It means stronger finances and the end of an era for 13-year-old Chiron. It is one of the most successful biotechnology companies and the only large one with its founding management still in place. The deal, finalised over the weekend, "is our response to fundamental changes in healthcare", said Mr Heini Lippuner, Ciba's chief operating officer.

Mr Lippuner said drug company profits are under pressure from governments keen to cut healthcare costs. Other companies have responded by purchasing drugmakers or distribution networks. However, Ciba had found no suitable candidates in its areas of expertise and had therefore chosen the Chiron deal.

Mr Dennis Winger, Chiron's chief financial officer, said that the deal "brought financial stability" to his company.

Chiron's product sales for the first nine months of 1994 were worth $187.7m, compared with $147.9m for the whole of 1993 and less than $40m in 1988. The company faces increasing costs in drug development and in sales and marketing.

Under the terms of the deal, Ciba will increase its 4 per cent stake by making a tender offer for 11.9m Chiron shares – 37.3 per cent of the company – at $117 each. The price compares with analysts' estimates of $100-a-share. Chiron's share price rose yesterday by $2⅞ to $81¼.

Ashley Ashwood
Deal done: Chiron's Dennis Winger (left) with Ciba's Heini Lippuner

Chiron will also issue 6.6m new shares to Ciba in return for the Ciba Corning Diagnostics business and the half of Biocine, a vaccine joint venture between the two companies, that it does not own.

Ciba will guarantee $425m of new debt for Chiron and invest up to $250m, repayable in cash or shares, in research and development there over five years.

The transaction is expected to reduce Ciba's earnings per share by 4 per cent in in 1995.

Mr Bill Rutter, Chiron's president, will join Ciba's main board.

Lex, Page 20; Friendly Amgen, Page 23

BancOne caught out by rises in US interest rates

By Richard Waters in New York

BancOne, one of the biggest banks in the US, announced a one-off after-tax loss of $170m on its securities holdings, mainly because of the rise in US interest rates since February.

The bank said the loss stemmed from the sale of $5.7bn of fixed income securities which have an average maturity of three years.

The bank, based in Columbus, Ohio, had been one of the most aggressive in its use of fixed-rate instruments to lift earnings.

BancOne had used bonds and interest rate swaps to increase fixed-income earnings, while keeping a large portion of its liabilities tied to floating interest rates. The policy enabled it to report one of the best net interest margins of any US bank last year, but earnings contracted as rates moved against it.

Shortly before US rates began to rise in February, BancOne estimated that a gradual 1 percentage point increase in short-term rates over the following 12 months would reduce its earnings by 3.3 per cent. In the event, rates have risen 2½ percentage points since February 4.

Yesterday, Mr John McCoy, chairman, said: "We are determined to take the necessary steps in 1994 to put the issue of interest rate sensitivity behind us." In addition, the bank said it would take an after-tax charge of $65m to reflect restructuring costs.

Last week PNC, a large regional bank based in Pittsburgh, said that the faster-than-expected rise in interest rates would reduce its net interest income by around 7 per cent in the final three months of this year, and by 15 per cent next year. The bank attributed this to losses on securities and slow growth in its loan portfolio.

Flattening yield curve squeezes profits at securities firms

Interest rate rises threaten earnings

While companies across the US this past week have been worrying about what the latest increase in interest rates by the Federal Reserve will do to the economy and their earnings over the next year, Wall Street securities firms have been busy focusing on a more specific concern – the flattening of the yield curve, and what it is doing to their earnings right now.

The yield curve, a graphical depiction of interest rates on securities with varying maturities, has been steadily flattening since the Fed started raising interest rates in February. At the start of the year, the curve was relatively steep because of a wide spread between yields on short-term and and long-term government securities. At the time, the spread between the two-year and the 30-year bond was 210 basis points.

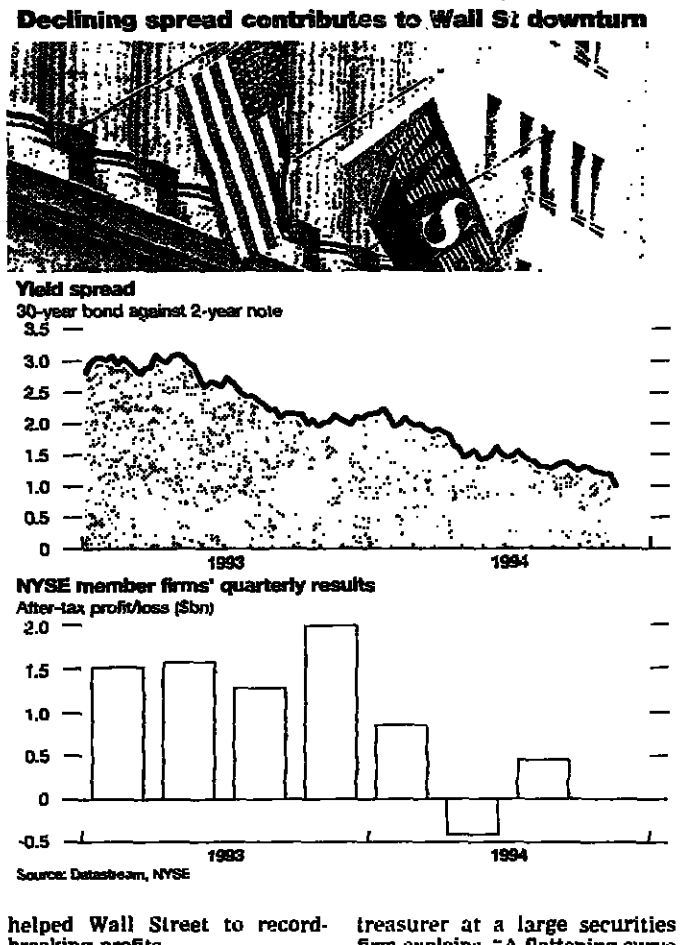
Since then, the Fed's aggressive tightening of monetary policy has pushed short-term yields up faster than long-term yields, so the spread has narrowed and the yield curve has flattened. Last week, the yield spread between two-year and 30-year bonds fell below 100 basis points for the first time since December 1990.

The curve has flattened because investors in long-term government securities have begun to believe that the Fed's anti-inflation measures will work. This has restrained bond yields because the less fearful investors are of inflation, the less likely they are to demand a higher yield.

Investors at the short end of the bond market, however, remain worried that the Fed may want to tighten policy further, and so have been pushing up yields on short-term government securities in anticipation of another rate rise.

The flattening of the yield curve has important implications for earnings of financial companies, including commercial banks and securities firms. It is the latter, however, who are being most affected by the trend. Between 1991 and 1993, when spreads between short and long-term rates were wide (the peak was 372 basis points in 1992) and the curve was steep, Wall Street's biggest firms were borrowing billions of dollars cheaply in the short-term market and using that money to buy longer-term bonds paying rich yields. The result was interest earnings which helped Wall Street to record-breaking profits.

Declining spread contributes to Wall St downturn



Source: Datastream, NYSE

Mr Guy Moszkowski, securities industry analyst at broking firm Sanford Bernstein, says: "When firms carry longer-term debt securities and fund those positions with short-term money, they are earning an attractive spread. That spread is going to contract in a situation where the yield curve is flatter."

"A flattening curve makes it difficult for us to carry securities"

Today, such profits are not so easy to come by, he says. For example, Salomon Brothers – the biggest bond trading firm on Wall Street – earned $1.4bn in net interest income last year. This year, with a flatter curve, Salomon's net interest income is estimated to fall to around $940m.

Other factors – the deterioration in trading and underwriting results sparked by rising interest rates and volatile markets – have hit earnings, but the decline in interest income is important because it made up such a large part of earnings during the 1991-1993 boom.

Marketmaking and broking revenues are also affected, as a treasurer at a large securities firm explains. "A flattening curve makes it difficult for us to carry securities, and forces us to shrink our inventory positions. This means that the willingness of brokers to hold positions [for customers] will decline, which generally hurts liquidity in the marketplace and discourages customer activity."

For the immediate future, the situation can only get worse because the yield curve will almost certainly get flatter, and may eventually become inverted. The curve inverts when yields on short-term securities are higher than on long-term securities, which usually occurs when interest rates have peaked and are about to head lower.

The last time the curve inverted was 1989, before the Fed starting cutting interest rates, and given that the Fed may be near to ending its tightening "some believe that an inverted curve is inevitable soon", says Mr Moszkowski.

An inverted yield curve would play havoc with Wall Street he says. "Firms would begin shrinking their balance sheets substantially as inventories would become very expensive to carry."

Companies would widen the spreads between their buying and selling prices to make up for lost interest earnings, which would only further undermine liquidity and reduce trading activity.

Patrick Harverson

Emap bids for Europe titles

By Raymond Snoddy in London

Emap, the UK newspaper, magazine and exhibitions group, is "seriously interested" in the European publishing operations of Maclean Hunter, the Canadian media group.

Emap, which yesterday announced a 34 per cent rise in pre-tax profits to £22.2m ($36.4m) for the six months to October 1, is believed to be one of five groups bidding for the Maclean Hunter business titles in the UK and continental Europe. Rogers Communications, which recently acquired Maclean, is selling the assets which are expected to raise more than £50m.

Mr David Arculus, managing director of Emap, said the company regards the Maclean titles, which include UK Press Gazette, as a "bolt-on" to its existing business titles.

"Our next tranche of deals will be bolt-on deals and we are looking at quite a number of them," he said.

During the first half, Emap spent £197m on acquisitions including £106m on acquiring 28 magazines from the French publishers Editions Mondiales and a further 10 consumer titles from companies within the French Hersant group.

The company also spent £50m on Trans World Communications with commercial radio stations in Manchester, Preston, Leeds and Cardiff.

Emap is the second-largest player in commercial radio in the UK after Capital with about 12 per cent of the market.

Emap said the French purchases had cost about 75p-77p for every £1 in turnover. Margins were about 5 per cent compared with 17 per cent for its UK consumer magazines but the company expects them to improve.

Underlying growth was 24 per cent. Turnover was 38 per cent up at £234.2m.

Earnings per share rose 31 per cent to 7.9p and the intermim at 2.5p was up by 13 per cent.

Electrolux may spin off metals arm

By Christopher Brown-Humes in Stockholm

Electrolux of Sweden, the world's leading manufacturer of household appliances, says it may spin off Gränges, its aluminium and metal-working unit, in the first half of next year.

Analysts believe it could fetch up to SKr3.5bn ($477m), excluding debt. The company, which was bought by Electrolux in 1980, has a book value of about SKr2bn.

The group wants to sell the unit to Swedish, European and US investors and list it on the Stockholm stock exchange, subject to market conditions.

The sale is in line with Electrolux's strategy of concentrating on core business. The company has sold three industrial operations this year, with total capital gains of SKr2.78bn helping to inflate group nine-month profits to SKr5.08bn.

Gränges is the biggest unit in Electrolux's industrial products division, with 1993 sales of SKr7.6bn. About half of its sales are outside Sweden, with the UK being the largest single market.

Its four business areas comprise aluminium, recycling, automotive and distribution. Operations include a smelting plant at Sundsvall with production capacity of 100,000 tons.

Gränges has benefited from the recovery in aluminium prices and the weakness of the krona. Both factors helped lift operating profits after depreciation to SKr295m from SKr182m in the first nine months as sales expanded to SKr6.8bn from SKr5.7bn.

Electrolux has been dismantling its industrial products division. Earlier this year it sold Autoliv, Europe's leading supplier of car safety equipment, and two US operations, Copes-Vulcan and Blaw-Knox.

Apart form Gränges, the division comprises materials handling equipment, a goods protection operation, and Gränges Metalock.

Rockwell offer close to securing Reliance

By Tony Jackson in New York

The bid battle for Reliance Electric, the US electronics company, appeared to have been won yesterday with an increased offer from Rockwell International of $31 a share. This values Reliance at $1.6bn. Rockwell said it expected a definitive agreement by late yesterday.

The $31 offer, up from an earlier $30, capped an agreed bid from General Signal.

Reliance must now pay General Signal a break-up fee of $50m, plus $5.15m in expenses. In recent weeks, Rockwell had attempted various legal approaches to have the fee waived, but without success.

This weekend, Rockwell said 61 per cent of Reliance's stock had been tendered under its original offer. Negotiations had continued throughout the weekend, with an original deadline of Monday noon EST extended at the last minute by a further six hours.

At lunchtime yesterday, a Rockwell executive said: "We have an agreement in principle, and we're very close to making it definitive."

The original bid from General Signal, worth only $1.3bn, had been widely expected to fail. General Signal is a much smaller company than Rockwell, and its offer was in paper rather than cash. Reliance's shares rose 50 cents on yesterday's announcement to $30.75.

Rockwell plans to merge Reliance with its Allen-Bradley division, creating a worldwide industrial automation business with sales of about $3.5bn. Rockwell intends to sell Reliance's telecoms business, which made about a third of Reliance group sales last year.

Thomson's consumer unit expects FFr500m deficit

By John Ridding in Paris

Thomson Consumer Electronics, a division of Thomson, the French state-owned electronics group, expects to record a net loss of about FFr500m ($94.3m) this year, in spite of a sharp improvement in operating results, according to Mr Alain Prestat, chairman.

Mr Prestat told Les Echos, the French financial newspaper, that operating profits for this year should rise to FFr600m, compared with FFr155m in 1993, but the costs of financing a debt burden of about FFr10bn would pull the company into loss. For 1995, Mr Prestat said the company was on target for operating profits of FFr1bn.

The chairman indicated he might seek a capital injection to strengthen the balance sheet. "I have always been hostile to the idea of asking for a capital injection to cover operating losses. But things can change when these losses have disappeared."

Mr Prestat described an upbeat scenario for the group's products. He cited the success of Direct TV, the first digital television service broadcast by satellite in the US, for which TCE supplies the reception kits.

Alain Prestat: debt financing will pull company into loss

The company aims to sell 360,000 kits this year and to double production capacity to build 1.8m units in 1995. Mr Prestat said he hoped for similar projects in Europe and Asia, from next year or 1996.

In multimedia, Mr Prestat raised the prospect of new partnerships.

In June, TCE concluded an alliance with Sun Microsystems, the US workstations manufacturer. "We don't exclude other partnerships, notably in the field of telecommunications," he said. But he said he did not envisage allying with a personal computer manufacturer because the future home terminal for multimedia would be the television rather than the computer.

He appeared sceptical about the prospect of a large investment for an information superhighway, as spelled out in a report to the French government by Mr Gérard Théry, the former managing director of France Télécom.

The report calls for an investment of up to FFr200bn by 2015, with much of the expenditure devoted to the development of a national fibre-optic cable network.

The concept of a highway leads people to think of it in terms of infrastructure, said Mr Prestat. "I think, on the contrary, that we should proceed by considering first the market. We must work on the interactive services to study the needs and behaviour of consumers."

UK insurer simplifies pensions plan

By Alison Smith in London

Allied Dunbar, the UK life insurer which is owned by BAT Industries, the tobacco and financial services group, is to replace its range of pension policies with a single adaptable plan designed to give customers greater flexibility.

From the beginning of next year, customers will be able to decide on a specific payment term for regular contributions, and to switch between different types of personal pensions within a single plan.

The commissions Allied Dunbar pays to its sales force and to independent financial advisers for selling its products will be cut slightly.

The payments will also be spread over a longer period of the policy instead of being taken entirely from the initial premiums paid by the customer.

The company's sales force is being briefed about the new pension this week.

The move is a further sign of how the UK life insurance industry is responding to the new regulatory regime imposed on it from next year.

Companies will have to disclose to customers more information about products, including the cost of paying commission and the payment back to investors who surrender long-term policies after just a few years.

Standard Life and TSB are among the insurers who have announced changes in their products related to the new disclosure regime.

Incentive surges to SKr1.54bn after sale of 43% stake in Esab

By Christopher Brown-Humes

Incentive, the Swedish industrial and investment company controlled by the Wallenberg family, saw profits surge to SKr1.54bn ($210m) in the first nine months, compared with SKr66m in the same 1993 period.

The figure, which excludes associated companies, was swollen by a SKr900m capital gain from the sale of the company's 43 per cent stake in Esab, the world's leading supplier of welding equipment, to Charter, the UK industrial group, for SKr1.4bn.

The performance benefited from economic recovery, increased market shares, and acquisitions. These helped to offset higher financial costs.

The group's purchase of Gambro, a medical equipment specialist, and MacGregor-Navire, the world's leading supplier of shipboard cargo handling equipment, helped lift sales 49 per cent to SKr12.4bn. The underlying increase was 12 per cent.

Orders were up sharply, rising 70 per cent in real terms and 22 per cent in underlying terms to SKr15.5bn.

Including income from Incentive's stakes in Asea, Electrolux and Esab, included, profits rose to SKr2.71bn from SKr642m.

Mr Mikael Lilius, president, said he expected earnings to continue to develop favourably. He added that the group had seen a "distinct recovery" in western Europe, while North America and Asia continued to develop favourably.

Incentive gained a majority stake in Gambro through an SKr8bn bid for Cardo, an investment company, during the summer. It has sold about SKr1.9bn worth of equities from Cardo's SKr2.7bn portfolio and plans to relist the remainder of the company early next year.

Christiania Bank sells part of loan portfolio

By Karen Fossli in Oslo

Christiania Bank, Norway's second largest bank, has disposed of one-third of the bank's loss-making US fisheries loan portfolio in Seattle.

Although terms of the deal were not disclosed, the bank agreed to sell Trust Company of the West one-third of the troubled portfolio, estimated at $323.5m in December.

As a result the portfolio has been reduced to $127m and the bank's exposure to the fishing industry on the north-west coast of the US has been reduced.

Christiania said it would not now have to report further loan-loss provisions for the fourth quarter, as it had warned earlier this month.

The bank said international loans to the fisheries sector, particularly in Seattle, constituted the most troubled sector of its overall loan portfolio.

About 94 per cent of the loan portfolio sold was classified as non-performing or doubtful loans, according to the bank's risk-classification system.

It said it intended to reduce the net loan portfolio in Seattle to about $100m.

In the third quarter, Christiania made provisions of NKr93m to cover fisheries loan losses which, for the nine-month period of this year, reached NKr384m.

Airbus extends chief's mandate to March 1998

Airbus Industrie, the European aircraft-building consortium, has extended the mandate of Mr Jean Pierson, president and chief executive officer, to March 31 1998 from March of next year. The decision follows a motion from its supervisory board, agencies report from Paris.

Mr Pierson, 54, has headed Airbus Industrie since April 1985. His mandate was renewed for five years in 1990.

Airbus Industrie's supervisory board has been headed by Mr Edzard Reuter, former head of Daimler-Benz, since last March. The consortium consists of Aérospatiale of France, British Aerospace, Dasa of Germany and Casa of Spain.

SNCF studies sale

SNCF, the French state-owned railway, is assessing the possible sale of its 12.3 per cent stake in state-owned Air Inter, Reuter reports from Paris.

"The relationship between Air Inter/SNCF is no longer one of partners but more one of competitors," SNCF said.

Nykredit takes 15% holding in Bikuben

By Hilary Barnes in Copenhagen

Nykredit, the largest of the Danish mortgage credit institutions, is to take a 15 per cent stake in Bikuben, the country's third largest bank.

The mortgage group will invest DKr540m ($88.5m) to acquire a 5 per cent stake from Bikuben, which will offer a further 10 per cent through a direct share issue at DKr188 a share.

The agreement means Bikuben will use its branch network to recommend Nykredit's mortgage loans.

In return, Nykredit, which has similar arrangements with 54 banks, will refrain from setting up a retail banking operation.

Bikuben recently announced a programme to cut its staff and branch network to strengthen its earnings over the next three years.

The agreement between Bikuben and Nykredit is a response to the challenge by the two big banks, Den Danske Bank and Unibank, which together have a two-thirds market share in Danish banking services.

Both have set up their own mortgage credit subsidiaries, which are growing fast, although their market shares are still in low single-digit figures.

The purchase will make Nykredit the largest single shareholder in Bikuben, and give it the maximum stake a single shareholder may own in the bank, according to Bikuben's articles of association.

Nykredit will also obtain two seats on Bikuben's supervisory board.

AEG sees sales drop in 1994 for Electrocom

AEG expects its Electrocom postal sorting machinery businesses in Germany and the US to generate combined sales of DM804m ($519m) in 1994, down from DM967m last year, Reuter reports from Frankfurt.

Sales would stagnate in 1995 before growing by up to 10 per cent in the following years as the US postal service caught up on delayed investment in automation, Mr Eberhard Zur, managing director of the German Electrocom, said yesterday.

AEG completed its takeover of Electrocom Automation, the US company and licensee of AEG Electrocom, in September and plans to integrate the two companies under a US-based holding company on January 1 1995.

AEG spent DM450m on the purchase.

MCI launches service to provide access to Internet

By Louise Kehoe in San Francisco

MCI, the US long-distance telephone company, has launched a service to provide easy and secure access to the Internet, a global network of computers with an estimated 25m-30m users.

"InternetMCI" services will include an electronic shopping mall, Netscape Communication's Internet browser software and high-speed network connections to the Internet.

"MCI is making the Internet as easy to use, as accessible and as critical to businesses as today's global phone network," said Mr Timothy Price, president of MCI's business markets arm. "Businesses of all sizes will now be able to sell their goods and services over the Internet," he said.

Leading telephone companies in the US and Europe are expected to launch similar services over the next few months, according to Mr Jim Clark, chairman of Netscape Communications, which develops software for the Internet. This will lead to a huge expansion in the use of the Internet for electronic commerce, he says.

"By the year 2000, MCI expects commerce on the Internet will exceed $2bn and be as common as catalogue shopping is today," said Mr Price.

● Another venture addressing the emerging market for electronic shopping was announced yesterday by **Apple Computer**, the PC manufacturer, **America Online**, an on-line service provider and **Medior**, a small software company.

The companies have formed a joint venture called 2Market, to deliver multimedia CD-Rom and on-line shopping catalogues.

By 1998, commercial on-line services will reach an estimated 19m subscribers, says Forrester Research, a market research firm. On-line shopping on these subscriber networks are expected to generate about $5bn in revenues, market analysts predict.

Friendly Amgen approach wins Synergen's support

By Richard Waters in New York

Mr Gordon Binder, chairman of Amgen, is clear about why the biggest US biotechnology company is not about to succumb to an unwanted takeover. "There's never been an unfriendly takeover in the biotech industry. It's never been attempted, let alone succeeded," he said in an interview earlier this year.

Friendly takeovers, though, are very much in fashion – and last week Mr Binder himself conjured up one of the biggest yet. On Friday, Amgen said it had reached agreement to pay $240m in cash for Synergen, a Colorado-based company.

The lack of hostile takeovers, according to Mr Binder, is due to the fact that the success of biotech companies is built on a relatively small number of people: a hostile bid could alienate these people, destroying the value of the company being acquired.

It is not difficult to see why Amgen's approach to buy Synergen won the support of the company. At $9¼ a share, its offer was about 70 per cent higher than the stock market's valuation of the company.

Yet even that is only about one-eighth of the peak hit by Synergen's share price in 1992. It fell from grace in early 1993, though, on the failure of its most promising drug, Antril, a treatment for sepsis.

The acquisition will boost Amgen's pipeline of new products under development with Synergen's own range of cancer, inflammation and neurobiology drugs under development.

The deal should help to counter doubts expressed by some analysts about the scarcity of new products due from Amgen in the near term. In spite of Mr Binder's protestations, these doubts have helped to turn Amgen itself into a potential takeover target, in part explaining a rise in the company's share price from a low in April of less than $40 to $57½ yesterday morning, close to a 12-month high.

Amgen has this year maintained a high rate of revenue growth. Third-quarter revenues reached $426m, while full-year sales are expected to rise some 20 per cent to $1.6bn.

Aids drug lifts BioChem shares

Shares of BioChem Pharma, the Montreal-based pharmaceuticals group, rose strongly yesterday following reports that a drug discovered by the company has contributed to promising results in combating Aids, writes Bernard Simon.

BioChem is 17 per cent owned by Glaxo, the UK pharmaceuticals group which has the licence to develop and market the drug, known as 3TC.

Clinical trial results, which were released at a conference in Glasgow, Scotland, last weekend, indicated that 3TC, in combination with rival UK pharmaceuticals group Wellcome's AZT drug, sharply reduces the level of the HIV virus, which causes Aids.

BioChem's shares were trading at C$17.88 at midday in Toronto yesterday, up 13 per cent.

The company said yesterday it had renewed its development and marketing agreement with Glaxo.

Under the agreement, BioChem will receive royalties based on sales.

Black ink leaves Canadian banks red-faced

Profits at the 'Big Six' are likely to be almost too good this year, writes **Bernard Simon**

Even the most inhibited public company can usually be relied on to trumpet record earnings. Not Canada's "Big Six" banks, which today start their annual reporting season for the fiscal year to October 31.

Several of the banks are expected to announce the highest profits in their history. Royal Bank of Canada, the biggest, is almost certain to become the first Canadian financial institution to post annual earnings of more than C$1bn (US$730m).

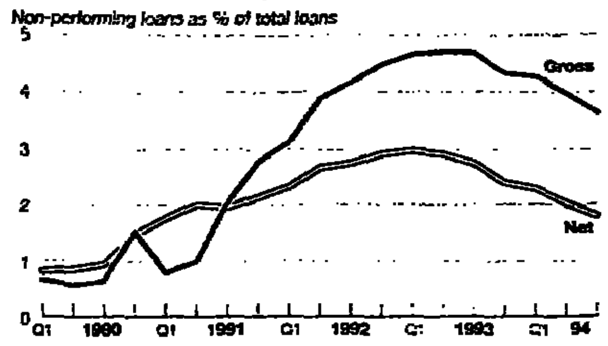
Yet the banks want to make their performance seem as unexceptional as possible. In an internal memo, Royal Bank suggests that its public relations department should encourage the media to "look beyond the total dollar amount and use standard financial measures of profitability like return on assets, return on equity and return on business to realise our profits are very reasonable".

According to Mr Peter Godsoe, Bank of Nova Scotia's chairman: "If there is a problem, it's probably that things look too good."

The banks' sensitivity is understandable. Often portrayed as corporate fat cats, the Big Six have not merely improved their financial performance over the past two years, but have tightened their grip on Canada's financial services industry.

Canadian bank lending

Non-performing loans as % of total loans



Source: Richardson Greenshields, Toronto

Deregulation in 1987 opened the door for each of the banks to buy an interest in a large securities dealer.

Mr Alan Hibben, analyst at Richardson Greenshields in Toronto, estimates that securities subsidiaries contributed 9.7 per cent of total bank profits in the second quarter of fiscal 1994, and about 5.4 per cent in the third quarter.

The banks have also become powerful forces in the mutual-fund industry. Royal Bank is Canada's second-biggest mutual-funds distributor.

Although they took heavy write-downs during the 1990-92 recession, the bigger problems suffered by other institutions have given the banks an opportunity to spread their wings.

They picked up the pieces of the imploding trust and loan industry, which was unable to withstand the slump in the North American real estate market.

Most recently, several banks have begun to move into insurance after the collapse of Confederation Life. Canada's fifth-biggest life insurance company, offered a cheap entry into the sector.

Business conditions have improved dramatically in the past 18 months. In contrast to the difficult days of 1990-92, the banks now have the wind behind them.

"The economy is doing well, inflation is low, companies are producing profits which reduce loan-losses, and retail borrowings have been relatively strong," Mr Godsoe says. "Banking across the board in Canada is a pretty good business right now."

The banks are also benefiting from closer attention to costs. Royal Bank, for instance, cut its payroll by 7 per cent and closed 132 branches and other offices in the first nine months of 1994.

The outlook for the year ahead is more of the same. Canada's economy is set to grow by about 3.5 per cent, and loan-loss provisions charged against income will almost certainly be lower in 1995 than in 1994.

Although real estate remains a headache, most of the banks' other problems – notably the forest-products industry – are receding.

Mr Hibben estimates that Bank of Nova Scotia will more than double earnings to C$3.60 a share in fiscal 1995.

He expects that Bank of Montreal, which will be first out of the blocks today with its 1994 earnings report, will lift earnings per share to C$3.25 from C$2.82.

There is one wrinkle in these rosy forecasts, however. The loosening of ownership barriers and other regulatory curbs is gradually eroding the monolithic facade of the Canadian banking industry.

Instead of marching in lock-step, as they tended to do in the past, the banks are each carving out a character of their own.

Royal has put the emphasis on personal financial services, mainly through its purchase last year of foundering Royal Trust, the second-biggest trust company.

Canadian Imperial Bank of Commerce (CIBC) has made the most energetic moves away from traditional lending to investment banking.

Through a fast-expanding presence in New York, CIBC is aiming to join the top league of players in international derivatives markets.

Bank of Montreal is the only Canadian bank with a strong full-service presence in the US, through its wholly-owned subsidiary, Harris Bankcorp of Chicago.

BoM aims to expand its mid-West base to the point where half its total earnings come from the US. Last month, it became the first Canadian bank to list on the New York stock exchange.

Alone among the Canadian banks, Bank of Nova Scotia sees a future in the emerging markets of Latin America and Asia. Through acquisitions and joint ventures, it has secured footholds in the Philippines, Chile, Mexico, Malaysia and, most recently, Argentina and India.

As these divergent strategies take hold over time, the individual banks' performance may vary more widely. Some may even have cause to celebrate their achievements without a red face.

Caparo, Bank of Nova Scotia in India move

By Bernard Simon in Toronto

Caparo, the UK-based industrial group controlled by Mr Swaraj Paul, the prominent expatriate Indian industrialist, and Canada's Bank of Nova Scotia have sought approval from India's government to set up a jointly-owned bank.

The new bank, which will provide a full range of retail and commercial services, is expected to have an initial capital of about US$100m.

Mr Peter Godsoe, Scotiabank's chairman, said the partners hoped to obtain official clearance "relatively early in the new year". The venture is the latest in a series of moves by foreign financial institutions to take advantage of India's economic reform programme.

The UK's National Westminster Bank recently unveiled plans to buy a 20 per cent stake in HDFC Bank, which is promoted by India's Housing Development Financing Corp.

Scotiabank, which has the most international ties of Canada's "Big Six" banks, last week opened its second branch in India. Its business there has so far comprised mainly trade and shipping finance.

Amcor acquires stake in US packaging group

By Nikki Tait in Sydney

Amcor, the Australian paper and packaging group, has acquired a 64 per cent stake in Flexible Holding of the US for an undisclosed sum. The US company makes flexible packaging and multi-layer blown film, and has annual sales of about A$55m (US$41.6m).

The move is the latest in a series of acquisitions by Amcor aimed at building up its containers and packaging divisions. Earlier this month, it announced plans to buy RIG Rentsch, a Swiss-based folding carton packaging business.

Isetan ahead sharply despite drop in sales

By Emiko Terazono in Tokyo

Isetan, a leading Japanese department store, posted a sharp rise in interim recurring profits – before extraordinary items and tax – as a result of cost-cutting, including a reduction of advertising and transportation spending.

Recurring profits for the first six months to September rose 43 per cent to Y935m ($9.5m).

Sales, however, fell 2.6 per cent to Y195.4bn, and Isetan officials said purchase value per customer continued to decline.

After-tax profits jumped 103.8 per cent to Y463m.

Sales of clothing fell 2.3 per cent to Y90bn while food sales declined 2.4 per cent to Y35.5bn.

Sales to corporate customers fell 7 per cent from the previous year.

For the full year to next March, Isetan expects current profits to rise 26.8 per cent to Y5.5bn, the first increase in four years.

Sales are expected to fall 1.9 per cent to Y413bn and after-tax profits are seen declining 52.2 per cent to Y2.4bn.

INTERNATIONAL COMPANIES AND FINANCE

Battle begins for Spanish telecoms prize

Bids for licence to operate a second GSM mobile service open today, writes Tom Burns

The final countdown in one of the biggest corporate contests to be held in Spain will begin today. Under television lights and closely watched by some of the bigger names of Spanish business and the international telecoms community, Mr José Borrell, minister for public works, transport and telecommunications, will open two bulky envelopes.

The envelopes will contain rival bids for a mobile telephony licence, the first significant incursion into the highly-regulated and monopoly-run Spanish telecommunications industry. The licence will be awarded before the end of this year.

After examining the bids, Mr Borrell will give one of the two rival consortia the go-ahead to develop a second pan-European GSM (global system of mobile communications) digital network to compete with the one to be installed by Telefónica, the large government-controlled telecoms group.

The prize is substantial. The betting is on start-up figures that, including the initial cash fee to the government, will be upwards of Pta200bn ($1.5bn).

Initial investment for the network - which, under the terms of the tender, must offer GSM coverage for all Spanish cities of more than 10,000 inhabitants within five years - will be at least Pta100bn.

As for the opponents, in one corner is a group called SRM. It is headed by Mr Jordi Mercader, a former chairman of the Instituto Nacional de Industria (INI), the public-sector conglomerate, and has the UK's Vodafone as its principal operator.

In the other corner stands Airtel-Sistelcom-Reditel (ASR), headed by Mr Eduardo Serra, a former senior INI executive who went on to become junior defence minister. This group is backed by AirTouch, the US telecoms group.

Vodafone has a 23 per cent stake in Cometa-SRM and AirTouch has a 16 per cent holding in ASR.

Spain, with a mature basic telephony base, lags comparable economies in the mobile business. Mr Borrell claims he is setting Spain on a deregulation course. Once he has decided which second operator is to deliver a mobile service, the minister will introduce legislation that will both create, and liberalise, the cable television business in Spain. He also promises that basic telephony will be liberalised by 1998, with the award of a licence to the private sector.

All eyes - and a lot of money - are now focused on the mobile telephone contest and on the referee's role that Mr Borrell undertakes today.

But even before the bids are opened, the contest has its critics. The chief criticism is that the government has distorted the competition with its own greed; the two consortia are being forced to bid above an initial expensive opening price set by Mr Borrell.

Mr Borrell's department has said a minimum of Pta50bn 5) must be delivered in advance to obtain the GSM licence.

The rival bidders are likely to come close to doubling that sum.

"I'd be surprised if the winning cash bid is not close to Pta100bn," says Mr Fernando Pardo, a partner of Price Waterhouse in Madrid and the consultancy firm's local telecommunications expert.

The government is clearly anxious to earn as much as possible from the second licence in order to lower its public deficit.

It is also, according to critics, placing an exceptionally high burden on those bidding for the second licence in order to defend Telefónica.

A clear consequence of such an attitude is that the cost of the contest has crowded out several domestic companies. If the government wanted to encourage a wide network of Spanish enterprises to invest in the telecommunications sector, it has singularly failed to do so; only a reduced contingent of blue chip companies remain in the second licence contest.

Mr Borrell, when awarding the licence, will be looking at which of the rival bids offers most in terms of job creation; which would offer additional industrial investment unconnected with the mobile business; and which puts a premium on Spanish-based research and development, as opposed to imported technology.

"The driving force [of the tender] is the creation of a good GSM system for the country," maintains Mr Claudio Boada, managing director in Spain of the US investment bank Lehman Brothers, which is advising the transport and communications ministry over the award.

Telefónica, which already operates an analog cellular phone network, expects to earn Pta40bn from 400,000 subscribers this year. Price Waterhouse confidently expects that the mobile business will have 2m users with the development of GSM by 1998 and that the market will be worth Pta210bn by that date.

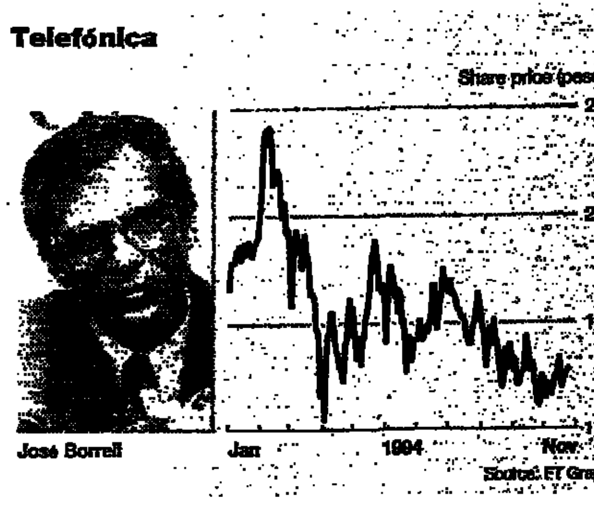
It is not surprising, therefore, that the big guns in Spanish banking have lined up behind the two consortia. Banco Bilbao Vizcaya (BBV) has taken a 30 per cent stake in Cometa-SRM; Banco Santander and Banco Central Hispano, (BCH) share a 27 per cent holding in ASR. Argentaria, the state-controlled financial group and the other of Spain's big four high-street banks, is understood to be backing Telefónica's GSM venture.

The other shareholders in the two consortia constitute a revealing list of who has financial muscle in Spain and a willingness to bet on new technology. Barcelona's La Caixa, the biggest domestic savings bank, is behind the Cometa-SRM bid, while five middle-ranking regional savings institutions have teamed to back ASR. The big electrical utilities, Endesa, Iberdrola and Sevillana, have sided with Cometa-SRM, while the smaller Fecsa and Unión Fenosa utilities support ASR.

But just as interesting is the roll-call of those who avoided the contest. Both consortia suffered last minute withdrawals.

Among the big names that pulled out were Repsol, the government-controlled oil, chemical and gas group; El Corte Inglés, the cash-rich retail store group; and Prisa, the leading multimedia company which publishes the newspaper El País.

Telefónica



José Borrell

Source: FT Graphite

Mexico waits for OECD borrowing benefits

By Stephen Fidler, Latin America Editor

Mexico, which was admitted to the Organisation for Economic Co-operation and Development last April, has yet to enjoy one of the important fruits of membership.

Because of a little-noticed rule change agreed by international bank supervisors in Basle in July, Mexico has to be treated as a non-OECD country by banks and securities traders. This means they must set aside more capital than for other OECD member countries when they lend to the Mexican government and Mexican banks, and when they hold their securities

Previously, the rules defined the so-called Zone A countries - those benefiting from the most generous capital treatment - as members of the OECD.

The July decision from the Basle Committee on Banking Supervision meant that Zone A now "excludes any country within the group which has rescheduled its external sovereign debt in the previous five years."

Mexico, the only member in that category, signed a debt restructuring agreement in March 1990, which means it should enter Zone A in March 1995. This should help lower the cost of borrowing and of issuing short-term securities and eurobonds by the government, public-sector entities and banks.

"Other things being equal, this change is likely to increase the demand for Mexican sovereign risk by reducing the cost of carrying Mexican assets. This would lead to some compression of Mexico's credit spreads," said Mr David Lubin of HSBC Markets in London. The shift will mean a zero-risk weighting - that is, no capital has to be set aside - for claims against the Mexican government or its central bank.

The risk weighting for short-term government securities and floating-rate notes issued in foreign currency drops to 10 per cent, while that on eurobonds, claims on banks and public sector entities drops to 20 per cent.

Previously the risk weighting on all Mexican entities was 100 per cent, implying 8 per cent of the value of the claim had to be set aside in capital. Claims on Mexican corporate entities will remain unchanged at 100 per cent.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 22.11.94: Pool purchase price £/MWh	Final Prices for Trading on 25.10.94: Pool purchase price £/MWh	Final Prices for Trading on 25.10.94: Pool selling price £/MWh
0030	9.21	10.04	10.04
0100	9.23	25.69	28.57
0130	9.24	25.69	28.57
0200	9.24	25.69	28.57
0230	9.20	25.69	28.57
0300	8.20	25.69	28.57
0330	9.09	25.69	28.57
0400	8.20	22.14	25.03
0430	8.20	19.96	22.85
0500	8.19	10.04	10.04
0530	8.20	9.21	9.21
0600	8.20	9.21	9.21
0630	9.09	10.04	10.04
0700	10.09	22.65	25.53
0730	29.06	22.80	25.68
0800	31.76	22.80	25.69
0830	31.76	23.08	25.93
0900	31.77	29.37	32.30
0930	35.02	29.46	32.41
1000	42.00	29.51	32.48
1030	42.00	29.49	32.45
1100	41.99	29.48	32.44
1130	41.99	29.49	32.46
1200	41.99	33.61	36.59
1230	41.99	33.60	38.58
1300	31.77	29.46	32.42
1330	31.76	29.37	32.29
1400	31.76	28.24	31.15
1430	31.33	28.23	31.14
1500	31.33	28.26	31.17
1530	31.39	28.38	31.28
1600	31.46	36.96	40.10
1630	53.80	38.37	43.11
1700	87.09	82.18	95.62
1730	111.35	116.08	131.96
1800	101.14	123.03	138.92
1830	58.43	93.44	104.71
1900	44.04	61.50	68.46
1930	40.89	49.65	53.99
2000	40.29	37.45	40.67
2030	33.84	32.90	35.82
2100	33.83	28.18	31.08
2130	33.13	26.82	29.71
2200	29.66	24.57	27.46
2230	30.27	23.00	25.83
2300	9.70	22.80	25.68
2330	9.22	22.66	25.53
2400	9.09	10.03	10.03

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £10.66/MWh becomes 1.066p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0802-466788 between 8:30am and 5:15pm Monday to Friday.

Mario Brothers' maker warns of weakened profits

By William Dawkins in Tokyo

The Mario Brothers are feeling the pressure, according to a forecast of a sharp profits decline this year from the computer-game characters' creator, Nintendo.

Japan's largest maker of computer games yesterday warned that recurring profits – before tax and extraordinary items – would fall 9.6 per cent to Y104bn ($1.05bn) in the year to next March. Sales would be down 27.2 per cent to Y340bn over the same period, it said. The yen's strength has squeezed margins on the some 50 per cent of sales Nintendo makes abroad, while European markets have been hit by price-discounting and a fall in demand.

Nintendo's report for the first half of the year showed a fall in recurring profits of 16.4 per cent to Y51bn, in line with market expectations. Sales declined even faster, by 36.2 per cent to to Y166bn.

Nintendo's forecast is less gloomy than the outlook last week from its rival, Sega. Unlike Nintendo, it is exposed to the amusement hall trade, where business has been as poor as in computer games.

Like its rival, Nintendo is pinning its hopes on a new generation of products to stimulate flagging demand for computer games. These include a 16-bit game, Super Donkey Kong, a version of an existing Nintendo line with new graphics, to be released shortly. A 32-bit hand-held game called Virtual Boy is due out in April.

Kyocera improves at operating level

By Michiyo Nakamoto in Tokyo

Buoyant demand for cellular telephones and electronic components supported an 8 per cent increase in consolidated sales at Kyocera, the world's largest maker of ceramic packages and electronic parts.

Kyocera, whose broad product range also includes microprocessors, karaoke equipment and artificial bones, enjoyed a 27 per cent rise in operating profits in the first six months of the fiscal year, to Y26.8bn ($292.3m) from a previous Y21.1bn, on sales higher at Y228.9bn from Y211.2bn.

However, recurring profits – before extraordinary items and tax – slid 24 per cent to Y33.1bn compared with Y43.5bn last year. The year-ago figures were boosted by gains from the listing of DDI, the telecommunications company in which Kyocera owns 22 per cent, and a share offering from two companies in which Kyocera is a leading shareholder. Net profits were also down by 19 per cent to Y18.6bn from Y23bn because of last year's gains.

During the latest period, Kyocera benefited from the surge in world semiconductor markets, which supported rising demand for its components. As a result, sales in the fine ceramics division rose 12 per cent.

Electronic components sales climbed 2 per cent on the back of strong sales to the PC and mobile telephone markets.

Surging demand in the domestic cellular telephones market since liberalisation in April also boosted the company. In addition, the popularity of its karaoke equipment combined to lift sales in the electronics equipment division by 9 per cent.

The company is forecasting a 14 per cent rise in parent sales to Y344bn in the full year; a 43 per cent increase in recurring profits to Y50bn; and a 21 per cent rise in net profits to Y26.8bn.

Moving to right Jakarta's lop-sided stock market

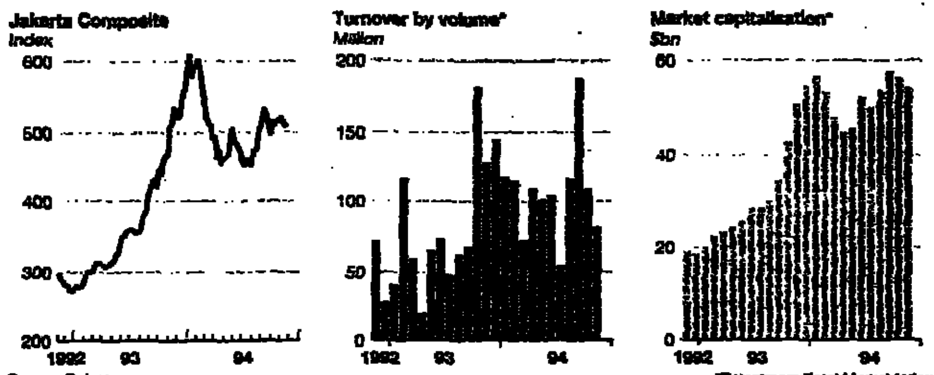
The government wants to encourage local investment, write **Peter Montagnon and Manuel Saragosa**

There is something lop-sided about Indonesia's fast-growing stock market. While local investors own most of the shares in listed companies, foreigners do most of the trading, accounting for as much as 80 per cent of turnover.

The problem is not uncommon in Asia, but it is particularly acute in Indonesia, where the share-owning middle class remains relatively small and the richest individuals tend to hold a high proportion of their assets offshore. Indonesian officials acknowledge that, as in other countries of the region, they badly need to develop a broad domestic base of institutional investors if the capital market is to play a full role in financing the country's economic and infrastructure development.

The authorities plan to introduce two changes which they hope will propel the market into the modern world. A new securities law, currently in the final stages of draft, should allow for tighter regulatory supervision when it takes effect next year. In a move which must make the London Stock Exchange blush over its Taurus fiasco – the planned paperless system abandoned last year – Jakarta is preparing to have fully-automated trading when it moves to new premises in early 1995.

Jakarta Stock Exchange



Source: Datastream

*Datastream Total Market Index

Though the two moves are not directly connected, the authorities hope both will enhance market liquidity and broaden the domestic investor base. The stock exchange reckons automated trading will enable it to handle up to 50,000 transactions a day compared with the current 3,800. Tighter regulation should improve market integrity and pave the way for greater institutional participation.

Brokers agree that the market – already capitalised at more than $50bn – is set to grow exponentially. Daily trading volume has tripled to $47m in the last two years. "We think that volume is going to grow ten-fold in the next four [years]," says Mr Anthony Davies of Baring Securities. But there remains scepticism about the direct impact of the new securities law.

So far, only the outlines are known. Mr Bacelius Ruru, chairman of the capital markets supervisory agency in charge of the draft, says the law will reinforce existing bans on insider trading and share manipulation by giving his agency the power of subpoena and search. It will also tighten standards of disclosure, particularly of material change in a company's fortunes.

Mr Ruru says he is determined to use the law to raise standards of integrity in the market, even if it makes him unpopular. "Once the law is effective, we will have no other choice but to carry it out," he says. Automated trading will also increase the transparency of the market, making it easier to detect abuse, he says.

Brokers say it remains to be seen how much things change in practice in a country with a financial system still dominated by vested interests. Other Asian countries which have introduced similar improvements in regulation have witnessed only a slow reduction in share-price volatility. It is also unclear how far the law will go in forcing full disclosure of directors' dealings and in setting a minimum amount of shares which must be made available to the public in any flotation.

In the view of many brokers, it is the lack of any ruling in the latter area that makes for the greatest barrier to liquidity. Says Mr Ruru: "I appeal to issuers. Please, you have to float more shares, not just a token."

However, as in many markets at this early stage of development, such a suggestion is contentious with company owners worried about loss of control.

Moreover, many would like the authorities to go further and drop the 49 per cent limit on the portion of a floated company which may be owned by foreigners. This further restricts liquidity, they argue. Though there are indications that the regulatory authority is sympathetic to such a move, it could only be decided at the highest political level.

As evidence of their determination to increase liquidity, the authorities have, however, scrapped capital gains tax on securities transactions from next January, and plan to permit the launch of open-ended investment trusts under the new law. They are also talking about using the market automation to reduce the minimum lot. This is currently at 500 shares, which means the smallest transaction in the recent Indosat issue would be more than $3m.

Mr Ruru hopes such measures will attract pension funds out of bank deposits and into equities, and that wealthy Chinese investors, traditionally the main players in the equity market, will repatriate funds from abroad. One way or another the interest of domestic investors has to be nurtured, given the huge supply of stock that looms over the next few years.

The government has already announced three privatisations – the telecoms group Telkom, the PLN electricity company and the Jasa Marga toll road – to follow Indosat. Further down the road, large issues from the state airline Garuda and the oil company Pertamina are expected. At some point, the market will have reached the size where tighter regulation has to be enforced, if it has become sufficiently robust to absorb so much new paper. That point has not yet been reached, even among foreign investors who are sticklers for proper behaviour at home.

Few foreigners complain about the current situation, where company results may be dribbled into the market as much as six weeks before any official announcement. "They just gravitate to the brokers who are best informed," says one smirking analyst.

Australis in US studio deal

By Nikki Tait in Sydney

Australis, the Australian company which has pledged to become the country's first supplier of pay-TV services next year, announced yesterday it had reached agreement with three Hollywood studios for a supply of films to air on its two movie channels.

Paramount Pictures, Sony Pictures Entertainment and Universal Pictures/MCA have entered the partnership with TCI, the US cable company which already has an investment in Australis. The link-up, in which all parties have an equal share, will have exclusive Australian rights to the studios' output and libraries for five and a half years. There will be an option to extend this agreement for a further five years after that.

The movies will feed two of the channels which Australis proposes to launch next year: one will be for first-run films and the other for films released over the past three decades. The two channels will be run by a TCI affiliate at the outset, and then be transfered to Australis "after the start-up phase".

The Australian company said it had agreed to allot the studios options to acquire Australis convertible debentures at A$1.40 each. The options, which are exercisable within 27 months, will not exceed 10 per cent of the company's convertible debenture stock. It has also agreed to allot 875,000 shares each to TCI and Mr Gerry Lenfest, head of the company through which TCI's Australis stake is held. The price will be A$1.33.

Australis, a new company running only small-scale narrow-cast subscription services at present, holds one of the two commercially-available satellite licences in Australia, and has said it will start offering pay-TV services from the beginning of 1995.

However, some of the country's established media players – such as Mr Rupert Murdoch and Mr Kerry Packer – have recently signed alliances with telecommunications companies developing rival cable networks.

SA bank ahead 16% pre-tax

By Mark Suzman in Johannesburg

Amalgamated Banks of South Africa, the biggest and most troubled of South Africa's leading banking groups, has reported a 16.6 per cent rise in pre-tax profit to R610.7m ($173m) for the six months to the end of September, up from R523.9m for the same period last year.

Net interest income rose 8.2 per cent to R1.98bn from R1.83bn, while the provision for bad and doubtful loans dropped 6 per cent to R262.7m from R279.4m.

However, attributable income rose only 10.7 per cent to R337.9m from R305.3m, largely due to a 21.5 per cent rise in tax paid, to R280.5m from R262.7m previously.

Loans rose 12.5 per cent to R75.2bn from R66.9bn, reflecting an improvement in the core banking sector. This helped boost total assets to R91.4bn from R84.3bn, a rise of 8.4 per cent.

However, the share of associated companies' retained income dropped sharply to R7.7m from R12.3m, largely because of continued difficulties in the short-term insurance market.

Earnings per share rose 10.7 per cent to 59.7 cents from 54 cents, but the dividend was only increased 8.8 per cent to 18.5 cents. This means the payout is covered 3.2 times, consistent with the group's goal of a consistent dividend cover of three times.

Although the results continue to lag ABSA's main competitors, analysts say they represent a significant improvement on the last two years, when rivals gained market share from ABSA as it struggled to integrate its constituent parts following mergers in 1991 and 1992.

● Foschini, the South African clothing and jewellery retailer, has announced a 26.2 per cent rise in attributable earnings to R67.2m for the six months to the end of September, up from R53.29m previously.

Pre-tax income also rose by 26.2 per cent to R111.5m from R88.3m, reflecting a 28.5 per cent rise in turnover.

INTERNATIONAL CAPITAL MARKETS

Further wave of short-dated eurodollar offerings

By Graham Bowley

Continued strong investor demand for US dollar-denominated bonds prompted another wave of short-dated eurodollar offerings yesterday.

The dollar sector has witnessed a flurry of activity since last week's higher-than-expected rise in US short-term interest rates by three-quarters of a point to 5.5 per cent.

"European investors now believe the process of monetary tightening in the US is nearing an end, and with US Treasuries weakening despite the rise, investors now see good value in the US market," said one trader.

Confidence in the sector is also being supported by a belief that the dollar is set to appreciate against the yen and D-Mark, traders said.

Toyota Motor Credit Corporation, the financing arm of Toyota's operations in the US, launched a $250m offering of three-year bonds, which was greeted with very strong demand, lead manager Paribas said.

"This was exactly what the market wanted. There are no triple-A rated corporate names out there at the moment offering such an attractive coupon," a Paribas official said.

INTERNATIONAL BONDS

The bonds offered a coupon of 7¾ per cent and maintained their initial launch spread of 14 basis points above US government bonds after the bonds were freed to trade.

Paribas expects a large part of the offering to be placed with Swiss retail accounts although there was also strong demand from retail investors in Germany and the Benelux countries and from UK institutional accounts.

The proceeds from the offering were swapped into floating-rate dollars.

Both *UBS Finance and SBC* Finance reopened earlier offerings due to the strong investor demand for dollar assets. SBC launched a $100m offering of seven-year bonds priced to yield three basis points above US Treasuries. UBS launched a $100 offering – later increased to $250m – of two-year bonds, priced level with US Treasuries.

"We saw constant buying in the Swiss retail network of the original issue, driving the price in the secondary market down to 10 basis points through Treasuries," a UBS syndicate official said. The bonds had been launched at five basis points over US Treasuries.

Also in the two-year dollar sector, Bank Nederlandse Gemeenten launched a $200m bond offering, priced to yield two basis points over US Treasuries. Mainly targeted at Swiss and Benelux retail investors, the bonds also found firm demand from UK institutions, *lead manager J.P. Morgan said.* The proceeds were swapped into guilders, market sources said.

In the the sterling sector, Deutsche Bank Finance launched a £100m offering of *two-year bonds, priced to yield* 20 basis points over German government bonds.

● Standard & Poor's, the US credit rating agency, yesterday assigned a B+ rating to the Islamic Republic of Pakistan's *planned* first-ever eurobond.

The outlook on the country's foreign currency debt rating is positive, S&P said.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Toyota Motor Credit Corp.	250	7.75	99.6325R	Dec.1997	+0.188R	-	Paribas
Bank America	200	8.375	99.555R	Dec.1999	0.275R	+60 (WI 5yr)	Salomon Brothers
Unibanco Leasing	150	11.125	99.75R	Nov.1997	1.0R	+370 (7⅛-97)	CS First Boston
UBS Finance(b)	100	7.00	99.35R	Dec.1996	0.125R	+1 (6⅞%-96)	UBS
SBC Finance (Cayman)(c)	100	7.125	98.53R	Dec.2001	0.125R	+3 (WI 2yr)	Swiss Bank Corp.
Bank Nederlandse Gemeenten	200	7.50	99.971R	Dec.1996	0.125R	+8 (WI 2yr)	J.P.Morgan
STERLING							
ESI SA‡	200	(a)	99.58R	Nov.1999	0.20R	-	CS First Boston
Deutsche Bk. Finance	100	8.00	100.10R	Dec.1996	0.125R	+20 (10%-96)	Deutsche Bank
D-MARKS							
Hungarian Foreign Trade Bk.	150	9.25	101.25	Dec.2001	2.25	+195 (6¾-01)	Bayer LB
KFW Intl. Finance(e)	500	7.75	100.05R	Oct.2004	2.50R	+24 (6¾%-04)	J.P.Morgan / West LB
Deutsche Ausgleichsbank‡	600	(d)	100	Dec.2002	0.20	-	ABN Amro/Trinkaus & B.
GUILDERS							
Deutsche Ausgleichsbank	250	7.625	99.325R	Dec.2002	0.30R	-	Rabobank
Baden Wuerttemberg L-Fin.	250	7.375	99.675R	Dec.1999	0.25R	+20 (7¼%-99)	ABN Amro

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. ‡Floating rate note. R: fixed re-offer price; fees are shown at the re-offer level. a) Pays 3 month Libor plus 10bp. Short last coupon. b) Amount increased to £350m c) Amount increased to £350m. d) Pays 3 month DM Libor flat. e) Amount increased to DM1.5bn. Issue fungible 40 days after pay date.

East Midlands deal shows pricing trend

By Martin Brice

The keenly-priced £350m syndicated loan for East Midlands Electricity was signed yesterday, highlighting the trend to cheaper lending caused by intense competition among banks.

The five-year loan, arranged by Chemical Bank, was priced at 15 basis points over the London interbank offered rate (Libor) which other loan syndicates regarded as unprofitably low. They suggested that finance for the UK regional utility could not be raised, and one said at the time: "This may be a deal too far."

However, Chemical Bank said yesterday that European, non-European and Japanese banks had joined the deal.

Pricing levels for syndicated loans have fallen this year as banks have fought aggressively for assets while borrowers remain wary of debts. This has pushed prices of loans close to the level of bonds and the Swedish government, the biggest borrower on the world's bond market, has turned to a syndicated loan for a $5bn five-year financing to replace existing debts. Citibank and J.P. Morgan are currently arranging syndication of that loan, which is priced at 8 basis points over Libor.

One banker said: "Sweden is getting a fantastic deal."

Further evidence of competition among banks driving down prices for loans came when Chemical Bank arranged a keenly-priced £500m five-year syndicated loan signed last week for National Power, the UK power generator.

That deal was priced at 17 basis points over Libor and National Power said the loan was oversubscribed with 25 banks prepared to lend it a total of £1bn, double the amount required.

SFE to appeal against ruling on new 'option'

By Nikki Tait in Sydney

The Sydney Futures Exchange is to appeal against a recent Federal Court ruling which permitted the Australian Stock Exchange to trade "low exercise price options" (LEPOs), a new type of derivative which the SFE claims is essentially a futures contract.

The SFE's move is the latest development in a long-running battle between the two exchanges over who should be allowed to run the market for individual share futures. The SFE introduced futures contracts on individual shares in May, becoming the first exchange worldwide to do so. However, the ASX countered with LEPOs, very deep "in the money" call options.

The SFE then mounted a legal challenge, stating that these amounted to futures contracts, and hence could not be traded on the ASX. Under Australian corporations law, there is a strict divide between the exchanges' territories – with the ASX allowed to trade securities and the SFE, futures.

Earlier this month, a Federal Court judge sided with the ASX.

However, yesterday Mr Les Hosking, the SFE's chief executive, reasserted the exchange's belief that LEPOs "are, in reality, futures contracts ... they function as a futures contract, have the risk profile of a futures contract and should be regulated as a futures contract".

Treasuries steady ahead of auction

By Lisa Bransten in New York and Martin Brice in London

US Treasury prices were mostly flat yesterday morning as traders held their positions in advance of the afternoon *auction of two-year notes.*

GOVERNMENT BONDS

By midday the benchmark 30-year government bond was down $\frac{1}{32}$ at 92$\frac{29}{32}$, yielding 8.126 per cent. At the short end of the market, the two-year note was down $\frac{1}{32}$ at 99$\frac{31}{32}$, yielding 7.223 per cent.

With little economic news to be released this week, Wall Street was looking to this afternoon's auction and an auction of five-year notes tomorrow for a measure of investor sentiment. Few expect the market to shed its generally bearish outlook, but there is optimism that there will be modest demand for the two-year notes because the yield is expected to be about 120 basis points more than the Federal funds rate. Uncertainty in the market should also make the shorter-term notes more attractive.

Volumes are expected to be extremely low all week, however, as traders and investors take the Thanksgiving holiday on Thursday. The market will close early at 2pm on both Wednesday and Friday.

Also, the market has already begun to look forward to an additional increase in the target Fed funds rate. Although the Federal Reserve boosted the rate by a greater-than-expected 75 basis points last week, the language of the communiqué announcing the increase left open the possibility of another near-term increase. The market seems convinced that inflationary pressures will warrant a *higher target rate.*

■ The UK government bond market was largely unmoved by an October non-EU trade deficit which was larger than expected. The trade gap was £410m compared with forecasts of between £400m and £275m.

In late trading the December long gilt future moved up $\frac{1}{8}$ of a point to trade about 102⅛. The yield spread over bunds had widened out slightly by 2 basis points to about 120.

Mr Stephen Dulake at PaineWebber in London said that some underperformance of gilts was inevitable after their strong showing last week. He said that the strong GDP data released on Friday meant "an interest rate rise is on the cards".

■ German government bonds shifted up in lacklustre trading as investors waited for the money supply figures due out this week. The December bund futures contract traded at around 90.10 late in the day, a rise of 0.24 of a point, which Ms Alison Cottrell at Kidder Peabody attributed to technical trading before holidays in Japan on Wednesday and the US on Thursday.

■ Italian government bonds were unmoved despite the unpopularity of pension reform as evidenced by the poor showing of Mr Berlusconi's party in local elections.

EVC shares at premium on Amsterdam debut

By Richard Lapper

The shares of EVC, western Europe's largest manufacturer of polyvinyl chloride, rose to a premium in their first day of trading in Amsterdam following a successful international equity issue.

ICI of the UK and Enichem of Italy each sold 35 per cent stakes, raising a total of Fl 800m, including Fl 100m through the exercise of a so-called greenshoe option. A greenshoe option allows underwriters to compensate for any variance in an offering's price. ICI and Enichem retain 15 per cent minority interests.

The shares, initially priced at Fl 77, closed yesterday at Fl 78.10, up Fl 1.10.

Two European banks – S.G. Warburg and UBS – were joint global co-ordinators for the deal, and sold the shares through "book-building".

Although UK companies have sometimes sold US subsidiaries through this method, the technique has rarely been used for the sale of domestic or European units.

Forty per cent of the new equity was raised from investors in the US, 20 per cent from continental Europe and 40 per cent from the UK and the rest of the world.

Warburg said that the issue was well received in the US, where investors see EVC as a strong cyclical play.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.000	09/04	89.6300	−0.220	10.73	10.64	10.17
Belgium		7.750	10/04	95.9000	+0.200	8.37	8.27	8.47
Canada *		6.500	06/04	83.4500	+0.050	9.14	9.12	9.11
Denmark		7.000	12/04	88.4000	+0.250	8.78	8.78	8.80
France	BTAN	8.000	05/98	101.4400	+0.090	7.47	7.47	7.53
	OAT	6.750	10/04	90.6900	+0.250	8.15	8.16	8.25
Germany Bund		7.500	11/04	100.0400	+0.450	7.49	7.48	7.56
Italy		8.500	08/04	81.8600	−0.040	11.87†	11.55	11.84
Japan	No 119	4.800	06/99	102.9180	+0.055	4.05	4.04	4.14
Japan	No 164	4.100	12/03	95.9690	+0.033	4.74	4.74	4.71
Netherlands		7.250	10/04	97.7600	+0.210	7.58	7.53	7.55
Spain		8.000	05/04	81.8700	+0.230	11.17	11.21	11.21
UK Gilts		6.000	08/99	90–28	−1/32	8.37	8.49	8.60
		6.750	11/04	88–04	+2/32	8.53	8.61	8.73
		9.000	10/08	103–22	-	8.54	8.63	8.71
US Treasury *		7.875	11/04	99–00	-	8.02	7.93	7.83
		7.500	11/24	92–29	+3/32	8.14	8.08	8.02
ECU (French Govt)		6.000	04/04	83.6500	+0.240	8.56	8.54	8.60

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. *Source: MMS International*

US INTEREST RATES

Lunchtime — *Treasury Bills and Bond Yields*

Prime rate	8½	One month	5.51	Two year	7.22
Broker loan rate	8½	Two month	5.53	Three year	7.54
Fed.funds	5½	Three month	5.49	Five year	7.81
Fed.funds at intervention	-	Six month	6.05	10-year	8.03
		One year	6.66	30-year	8.14

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	110.88	111.08	+0.34	111.14	110.84	108,287	129,781
Mar	110.10	110.26	+0.34	110.30	110.10	2,862	15,926
Jun	109.26	109.42	+0.34	109.26	109.26	2	2,984

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	CALLS Dec	CALLS Mar	CALLS Jun	PUTS Nov	PUTS Dec	PUTS Mar
110	1.16	-	-	0.01	1.02	-
111	0.31	1.15	-	0.05	1.38	-
112	0.04	0.75	-	0.24	-	-
113	0.01	0.47	-	0.96	-	-
114	-	0.27	-	-	-	-

Est. vol. total, Calls 15,966 Puts 16,538. Previous day's open int., Calls 314,369 Puts 277,896.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	89.86	90.06	+0.22	90.20	89.82	86049	169234
Mar	88.96	89.23	+0.24	89.30	88.96	5985	38510

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	CALLS Dec	CALLS Jan	CALLS Feb	CALLS Mar	PUTS Dec	PUTS Jan	PUTS Feb	PUTS Mar
9000	0.26	0.39	0.67	0.86	0.18	1.16	1.44	1.63
9050	0.07	0.24	0.50	0.66	0.49	1.51	1.77	1.93
9100	0.02	0.15	0.36	0.60	0.94	1.92	2.13	2.27

Est. vol. total, Calls 26664 Puts 15951. Previous day's open int., Calls 296996 Puts 241976

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	100.60	100.89	+0.11	101.18	100.60	22911	53092
Mar	100.08	99.85	+0.09	100.08	99.77	1529	12436

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	CALLS Dec	CALLS Mar	PUTS Dec	PUTS Mar
10050	0.51	1.80	0.12	2.55
10100	0.22	1.65	0.33	2.80
10150	0.04	1.49	0.65	3.14

Est. vol. total, Calls 716 Puts 1354. Previous day's open int., Calls 28523 Puts 35697

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	87.20	87.33	+0.24	87.44	87.19	23,696	61,393
Mar	86.55	86.50	+0.25	86.60	86.49	373	4,602

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	102-14	102-13	+0-02	102-22	102-10	24012	104541
Mar	101-24	101-21	+0-02	101-27	101-22	2366	14576

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	CALLS Dec	CALLS Mar	PUTS Dec	PUTS Mar
102	0-35	1-39	0-09	1-61
103	0-06	1-10	0-44	2-32
104	0-01	0-50	1-39	3-06

Est. vol. total, Calls 2157 Puts 881. Previous day's open int., Calls 77427 Puts 53373

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	80.78	80.98	+0.30	81.02	80.78	1,877	6,395

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Dec	96-26	96-29	+0-04	96-31	96-23	342,013	399,928
Mar	96-07	96-08	+0-02	96-10	96-04	8,406	60,272
Jun	-	95-20	+0-02	-	-	434	11,885

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Dec	108.13			108.19	108.13	807	0
Mar	107.44			107.49	107.43	2048	0

* LIFFE contracts traded on APT. All Open Interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Mon Nov 21	Day's change %	Fri Nov 18	Accrued interest	xd adj. ytd
1 Up to 5 years (23)	120.28	+0.02	120.25	2.06	9.83
2 5-15 years (23)	140.31	+0.15	140.10	1.91	11.49
3 Over 15 years (8)	157.27	+0.21	156.94	2.83	10.87
4 Irredeemables (6)	177.27	+0.51	176.36	0.86	13.47
5 All stocks (60)	137.56	+0.12	137.40	2.12	10.93
Index-linked					
6 Up to 5 years (2)	186.68	+0.02	186.64	0.69	5.07
7 Over 5 years (11)	174.06	+0.02	174.03	1.15	4.36
8 All stocks (13)	174.49	+0.02	174.46	1.10	4.41
Debentures and Loans					
9 Debs & Loans (77)	128.10	+0.58	127.82	2.03	10.27

Yields	Low coupon yield Nov 21	Nov 18	Yr. ago	Medium coupon yield Nov 21	Nov 18	Yr. ago	High coupon yield Nov 21	Nov 18	Yr. ago
5 yrs	8.44	8.44	6.04	8.48	8.50	6.28	8.60	8.61	6.40
15 yrs	8.43	8.46	6.95	8.54	8.56	7.08	8.79	8.81	7.24
20 yrs	8.41	8.44	7.04	8.54	8.59	7.13	8.69	8.72	7.26
Irred.†	8.48	8.53	7.13						

Index-linked	Inflation 5% Nov 21	Nov 18	Yr. ago	Inflation 10% Nov 21	Nov 18	Yr. ago
Up to 5 yrs	3.89	3.89	2.17	2.64	2.64	1.29
Over 5 yrs	3.85	3.86	3.12	3.66	3.65	2.94

Debentures and Loans	5 year yield Nov 21	Nov 18	Yr. ago	15 year yield Nov 21	Nov 18	Yr. ago	25 year yield Nov 21	Nov 18	Yr. ago
9 Debs & Loans	9.56	9.63	7.82	9.53	9.59	8.05	9.50	9.56	8.18

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Nov 21	Nov 18	Nov 17	Nov 16	Nov 15	Yr ago	High*	Low*
Govt. Secs. (UK)	91.74	91.59	91.52	91.59	91.83	103.45	107.04	89.54
Fixed Interest	108.15	108.15	108.34	108.22	107.92	124.05	133.87	106.80

* for 1994. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974.

GILT EDGED ACTIVITY INDICES

	Nov 18	Nov 17	Nov 16	Nov 15	Nov 14
Gilt Edged bargains	145.0	174.4	106.3	93.4	75.3
5-day average	118.9	108.0	87.4	83.0	80.4

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on November 21

U.S. DOLLAR STRAIGHTS; SWISS FRANC STRAIGHTS; YEN STRAIGHTS; OTHER STRAIGHTS; DEUTSCHE MARK STRAIGHTS; FLOATING RATE NOTES; CONVERTIBLE BONDS

[illegible]

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.cpn=The current coupon. CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

UK GILTS PRICES

Shorts (Lives up to Five Years); Five to Fifteen Years; Over Fifteen Years; Undated; Index-Linked; Other Fixed Interest

[illegible]

● "Tap" stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds.

Providing a base for long haul

David Wighton and Simon Davies consider the significance of Rolls-Royce's $525m acquisition of a US aero-engine maker

Given the financial details of Rolls-Royce's proposed acquisition of Allison, the US aero-engine manufacturer, the City's reaction was remarkably positive.

Rolls-Royce is paying $525m (£320m) for a company that was sold for 30 per cent less a year ago and that has lost more than $370m since 1990.

The deal will be funded by a £300m rights issue which will hang over the market for months while Rolls-Royce seeks US regulatory approval. Yet its shares ended up 2p at 185p.

Rolls-Royce had to work hard to convince analysts that the deal made short-term financial sense. But there were few who doubted the strategic benefits.

Allison will broaden Rolls-Royce's product range in aero-engines, a market where the company itself admits it is difficult to predict winners.

Allison also provides a US manufacturing base which is seen as important boost to Rolls' chances of involvement in future US defence programmes.

Sir Ralph Robins, chairman, commented: "Getting on new programmes such as Astovl and JAFT will require a constituency in the US."

More fundamentally, the deal provides further evidence of Rolls' determination to go it alone, rather than ally itself with with one of its US rivals – General Electric and Pratt & Whitney.

Rolls-Royce has increased its market share significantly over the last decade but in group terms it remains much smaller than its rival's parents. Many analysts believe it is too small to bear the risks and huge costs of developing new engine families. The acquisition of Allison and the associated rights issue, though a sign of management's confidence, will do little to address those concerns.

It does however give Rolls exposure to some strong sectors of the aero-engine market. It may not be easy to predict which type of aero-engine is likely to show the best growth over the next decade. But most observers agree that large turboprop engines, where Allison has a near monopoly, is one of the most promising military markets.

Allison's other strong market position is in small helicopter engines, where growth prospects are also good given the swing in defence budgets towards rapid response and surveillance.

But of the four new Allison engines about to reach the market, it is the AE2100, large turboprop, that is likely to be its mainstay over the next few years. The AE2100 powers the C130J, the soon-to-be-launched successor to Lockheed's hugely successful Hercules transport plane.

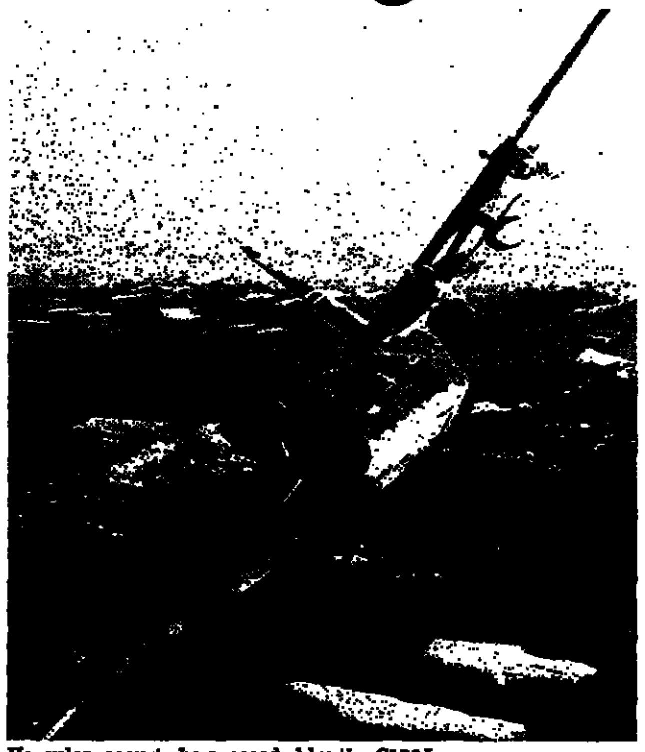
Although Sir Ralph denies it, the proposed purchase of Allison may make it more likely that the RAF will plump for the C130J as replacement for half its ageing Hercules fleet. Rolls, however, will continue to press for the RAF to support the proposed European rival, the Future Large Aircraft.

Rolls is hoping it will be chosen by the FLA consortium to supply the engines. It is offer However Rolls and British Aerospace believe they will be frozen out of the project if the RAF chooses to go with Lockheed.

Some observers even suggest that Rolls' French rival, Snecma, will use the acquisition of Allison to argue against the FLA using Rolls engines.

For the moment analysts are more concerned about Rolls' prediction that, despite its recent financial record, Allison will enhance group earnings. Rolls argues that recent cost-cutting has yet to show through fully in Allison's figures while research and development spending has fallen sharply following the completion of the four new engines.

"One has to take on trust Rolls-Royce's assurance that the business has turned," said Mr Chris Avery, aerospace analyst at Paribas.



Hercules: soon to be succeeded by the C130J

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
British Inv Tst ....int	2.1	Jan 13	2	-	4.85
Critchley ....int	3†	Jan 31	2.8	-	8.1
Cropper (James) ....int	1.1	Jan 13	1.1	-	3.5
Diploma ....fin	9.5	Jan 13	8.5	13.5	12
Emap ....int	2.5†	Jan 13	2.22	-	8.65
F&C Emerging ....fin	nil	-	0.27	nil	0.27
F&C Eurotrust ....fin	1.23	Dec 30	1.23	1.23	1.23
F&C Spec Utils ....fin	1.54	Jan 7	-	3.74	-
Ferraris Group ....fin	1.4	Jan 20	1.25	2.25	2
Filofax § ....int	1.05	Mar 31	0.75	-	1.75
Hewetson ....int	0.75	Mar 31	0.5	-	1.25
Norcros ....int	3.5	Feb 6	3.5	-	7
Southnews ....int	1.35	Jan 13	0.95	-	2.95
Vibroplant ....int	1.35	Jan 9	1.22	-	3.6

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock.

David Smith sets sights on £12m Italian deal

By Richard Wolffe

David S Smith (Holdings), the paper, packaging and office supplies group, has entered an agreement which could see it buy an Italian corrugated board company for an estimated L30bn (£12m).

Smith said it had obtained an option to buy Toscana Ondulati, the family-owned corrugating company which is based near Luccain Tuscany.

Mr James Fraser, Smith's communications manager, said: "We have always said that we are looking to improve our coverage across Europe on the corrugating front. However, we are not necessarily saying we have to be pan-European in every market."

Toscana Ondulati reported turnover of L27.9bn in 1993 and net assets of L3.3bn.

Midland Independent asks MMC to block bid by rival

By Raymond Snoddy

Midland Independent Newspapers, publishers of the Birmingham Post and Mail, has told the government it should continue to block the proposed £92m acquisition of T.Bailey Forman, publisher of the Nottingham Evening Post, by the Daily Mail and General Trust, publishers of the Daily Mail.

The Monopolies and Mergers Commission unanimously opposed DMGT's proposed acquisition of T.Bailey Forman.

It said the deal would give DMGT too high a concentration of newspapers in the East Midlands area.

In written evidence to Mr Tim Eggar, trade secretary, MIN argues that the only way to address concerns about the deal is for DMGT to sell daily titles in the region. DMGT has described this as "wholly unacceptable".

The Birmingham group contends that it is impossible to devise a form of words that will ensure that the concentration of power involved in the acquisition would not operate against the public interest.

MIN also says that the amount offered, nearly 29 times the earnings of the Nottingham titles, suggests that "DMGT will have to follow policies to remove smaller and weaker competitors, to allow it to capitalise on a monopoly position and so maximise its return from local advertisers".

DMGT has been given a December 5 deadline to convince Mr Eggar that the deal should go ahead.

Mr Peter Williams, finance director of DMGT has made it clear the company will demonstrate the diversity of editorial views exhibited by its regional titles.

Both MIN and Emap, the newspaper and magazine group, are understood to have bid between £70m and £75m for T.Bailey Forman last time.

Both will bid again if the titles come back on to the market, but probably with lower bids.

All-round growth lifts Diploma 23% to £25m

By Peter Pearse

Strong growth from the electronics and building components divisions of Diploma enabled the group, which also has interests in special steels, to lift pre-tax profits almost 23 per cent in the year to September 30.

Profits of £25m (£20.4m) pre-tax were struck on turnover of £192m (£158m). Operating profits grew to £23.8m (£20.2m) while interest receivable slipped to £1m (£1.3m) as the group had £24m cash at the year-end, against £28m.

The group places great emphasis on strong cash flow, which financed the 21 per cent sales increase.

Mr Christopher Thomas, chairman and chief executive, said Diploma was "not as aggressive in acquisitions as we may well become", adding that the group's culture was one of "slow diversification". About £4m was spent on acquisitions in the year.

The electronics division made £14.3m (£12.9m) on turnover of £127m (£104m). The main engine of growth remained the PC market. The expected downward turn of the UK semi-conductor cycle had been deferred, he suggested, by the recession in continental Europe and by the emerging potential in "bridging devices" for multi-media applications.

Sales at Macro, the semi-conductor business, achieved a 29 per cent increase in sales to £78m, outstripping the market's growth by 8 percentage points. Nortronic, the other electrical components distributor, lifted revenue 14 per cent and operating profits 10 per cent.

Profits in the building components side bucked the cyclical trend and grew by 23 per cent to £8.6m (£7m) on turnover at £50.4m (£42.8m).

The special steels division benefited from the recovery in the oil industry, winning orders by being "able to respond from stock and with service".

Earnings per share rose to 28.9p (24.4p) and a final dividend of 9.5p (8.5p) lifts the total to 13.5p (12p).

The shares gained 10p to 448p.

● **COMMENT**

The stock has underperformed the market by 23 per cent over the past 12 months in anticipation of a cycle-induced profits slowdown. However, while these figures are at the lower end of the expected range, they are perfectly solid and show, most importantly, that demand for semi-conductors and building components is not slowing as the cycle dictated. Diploma, cautious and conservative as ever, is also gradually diversifying, to remove risk further. Forecast pre-tax profits of £27.5m give earnings of 31.8p for the current year and a p/e of 13.8, a slight premium. The shares have scope for further progress.

'Green shoe' option for Telewest float

By Paul Taylor

Kleinwort Benson, joint global co-ordinator for the Telewest share flotation, has confirmed that the issue which is priced today is covered by a 'greenshoe' option, to meet excess demand and stabilise the share price.

Kleinwort formally notified the stock exchange yesterday that it may undertake stabilising transactions in connection with the offer for 30 days after the shares begin trading on November 30.

The flotation covers a combined total of 218m shares in the UK and overseas and is expected to be priced at between 165p and 190p, suggesting a total value for the cable television company of between £1.61bn and £1.86bn.

Under the terms, Telewest has granted Kleinwort and Morgan Stanley options to acquire up to an additional 32.4m shares for the purpose of covering any over-allotments.

Acquisitions help Critchley to £2.35m

By Geoff Dyer

Two acquisitions in May helped Critchley Group, the electrical cable accessories manufacturer, show a 47 per cent jump in pre-tax profits in the half year to September 30.

The pre-tax figure rose from £1.6m to £2.35m on turnover 25 per cent ahead at £17.2m (£13.8m). The share price firmed 15p to close at 459p.

Idento, a German manufacturer, and CCA, a UK distributor, contributed £382,000 to operating profits and £1.72m to sales. Total operating profits went up 50 per cent to £2.33m (£1.55m), with an underlying increase of 26 per cent.

The proportion of the group's sales from outside the UK rose to 46 per cent, compared with 38 per cent in the first half of last year. However, Mr Ian McCallum, chief executive, said there was "still scope for improvement" in UK sales, which rose by 10 per cent.

Sales in the core business of identification and cable accessories rose 20 per cent to £12.1m on the back of strong demand in the US and France.

Mr McCallum said margins were improving independently from the acquisition of Idento and that low-margin products continued to be shed.

Sales at Critchley Wound Components, which produces transformers and inductors for the telecommunications industry, increased by 55 per cent to £3.49m.

Fully diluted earnings per share were 11.6p (9p) and the interim dividend is 3p (2.6p).

Critchley said it proposed to cancel its share premium account and transfer it to a special reserve. Goodwill from the two acquisitions would then be offset against this account rather than the profit and loss account reserve, which had fallen into a £3.56m deficit as a result of the transactions. The company stressed that this did not affect net assets or trading. Shareholders will vote on the proposal at an EGM in December.

Vibroplant shares fall 9p after warning

By Peter Pearse

Vibroplant, the plant hire group, lifted pre-tax profits 88 per cent in the six months to September 30. However, the share price fell 9p to 120p following a warning by Mr Jeremy Pilkington, chairman, that after a good summer the past six weeks had seen some softness in the UK commercial and industrial markets.

October, November and December were usually the group's strongest months, he added.

Pre-tax profits climbed to £2.78m (£1.48m) in the first half, on turnover down slightly at £35.7m (£36.9m). An 11 per cent fall in US turnover to £16.1m (£18.2m) disguised a 5 per cent increase in the UK to £19.7m (£18.8m).

Mr Pilkington attributed the decline in the US to the reduced size of the US fleet, fewer machines sold and the adverse effects of a 6 per cent change in the exchange rate.

However, between group trading profits, which slipped to £9.6m (£9.67m), and group operating profits, which rose to £3.47m (£2.51m), depreciation costs fell from £7.16m to £6.13m.

Mr Pilkington said the group had changed its method of charging depreciation. Previously it had made a full year's charge in the year of purchase, regardless of whether a machine had been bought in

Jeremy Pilkington: warning on current markets

the first month or the twelfth; now it charged on a monthly basis from the date of purchase.

Interest charges dropped to £690,000 (£1.03m) as borrowings fell to £20m, for gearing of 35 per cent against 45 per cent a year ago.

UK pre-tax profits grew 86 per cent to £2.64m due to increased volumes and prices, with capital spending of more than £10m. In the US, where profits doubled to a "very modest" and "unsatisfactory" £144,000, capital spending totalled $6m (£3.6m). Group capital spending is expected to total £25m this year.

Earnings per share rose to 3.87p (2.08p) and the interim dividend is 1.35p (1.22p).

Lower interest helps Cropper edge ahead

A fall in interest charges helped James Cropper, the paper and board manufacturer, to raise pre-tax profits by 5 per cent from £1.14m to £1.2m in the half year to October 1.

Rapid price increases in pulp, the papermaking side's main raw material, had affected trading in this division after a good opening quarter.

Mr James Cropper, chairman, warned that "at present we do not see an end to the current shortage of pulp and its ever increasing cost". These problems, together with disruption through moving the converting division, would make it difficult to improve on last year's record £2.56m profit, he said.

Turnover rose 10 per cent to £23.6m. Earnings per share were again 9p and the interim dividend is held at 1.1p.

Samax is latest new issues victim

By Kenneth Gooding, Mining Correspondent

Weak conditions in the London new issues market have claimed another victim. Samax, which is developing mines in Africa, said yesterday it was postponing its flotation until early next year.

Samax planned to raise £16m by the end of November via a placing by stockbrokers Credit Lyonnais Laing, on terms that would have valued the company at about £50m.

A pathfinder prospectus was issued at the end of last month and the company toured several financial centres making presentations to potential investors.

Mr Michael Martineau, managing director, said the response, particularly in the US, was generally favourable, but "the directors did not believe that the anticipated proceeds of the flotation, given conditions in the new issues market, would enable the company to capitalise on all of the opportunities available".

He said shareholder support had given the board flexibility to delay the issue until market conditions allowed the company "to achieve a larger issue size rather than proceed on a scaled-back basis".

Samax also suffered because mining companies worldwide have been highly active in raising new money this year. By the end of June, at least $5.6bn (£3.41bn) had been raised, topping the $4.8bn they collected in the whole of 1993, and there were warnings then about the danger of "indigestion" in the new mining equities market.

Samax was set up in 1989 and is developing a graphite mine in Tanzania and a gold mine in Ghana.

The flotation was to allow it to complete the financing of its mining operations, repay short term loans and expand its exploration efforts.

Its activities so far have been financed primarily by the Addax Oryx Group, described in the pathfinder prospectus as a private, Europe-based group involved in trading and related operations in Africa.

Santa receives a call for rapid growth

Alan Cane predicts mobile phones will be popular gifts this festive season

Electronic games and multimedia computers seem set to take a back seat this winter as a new British appetite expresses itself. It will be the Christmas of the mobile phone.

"It is going to be huge" said Mr Charles Dunstone, managing director of the Carphone Warehouse. "The cellular phone market is taking on the characteristics of the brown goods business. The shops are busy on Thursdays, Fridays and Saturdays and quiet for the rest of the week."

The UK mobile phone market is growing with a buoyancy few would have predicted a year ago. In the past 12 months, almost 1.2m new subscribers have joined the market bringing the total to more than 2.8m, or about 5 per cent of the potential market.

More significantly, new cellular phone connections in the UK are continuing to outstrip connections to fixed networks. Only Sweden has proportionately more mobile phones among northern European countries.

Analysts are now talking about a total of almost 10m subscribers to cellular services by the first months of 2000. Only a year ago, the prediction was less than 8m.

And there has been remarkable price stability since Mr Gerry Whent, chief executive of Vodafone, the UK market leader, said in June that the company would make no cuts to its mobile phone tariffs this year. Competitors would risk profitability if they cut theirs, he said. Cellnet, Vodafone's principal but smaller competitor, agreed there was no need for further price cutting.

This gave a signal to the market newcomers, Mercury One 2 One and Hutchison Microtel's Orange service, that there was no need for a price war in a fast growing market.

Overall, it was the right prediction even if most of the growth in the market favours the traditional analogue networks provided by Vodafone and Cellnet over the new, high technology digital offerings from One 2 One and Orange.

Mr Dunstone believes a combination of lack of familiar features and limited geographic coverage is acting against the digital networks. Cellnet, in particular, has performed strongly.

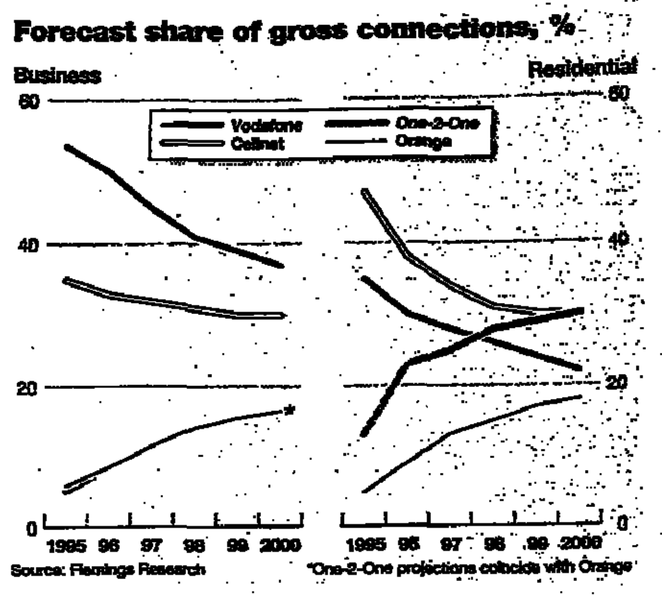
However One 2 One and Orange are experiencing strong sales and stocks of Orange equipment are in short supply, Mr Dunstone said.

Vodafone's interim results, expected today seem unlikely at first glance to reflect this strength with pre-tax profits only a little above the £175m recorded last year.

Mr Kevin Langford, telecoms analyst with Flemings Research said there were three reasons for this apparently disappointing performance.

The company has experienced higher than expected start-up losses abroad. It now operates networks in Australia, South Africa, Hong Kong, Sweden, Denmark, Malta and Greece and has lost an estimated £50m to date in establishing these businesses.

Forecast share of gross connections, %



Source: Flemings Research

*One-2-One projections coincide with Orange

In addition it has experienced higher than expected "churn", jargon for the number of subscribers who leave a network during the year expressed as a percentage of the average number of subscribers.

Vodafone seems to be experiencing churn of about 29 per cent. Cellnet is seeing only about 24 per cent, according to Mr Langford. He said: "High rates of churn can be a consequence of aggressive marketing by service providers to customers who then find little need for the service."

It can also be a consequence of fraud. Some 15,000 mobile phones are stolen in the UK every month. "Rechipping" or changing the electrical identity of a phone by switching silicon chips so that calls can be made at somebody else's expense is already a serious problem.

And finally the rapid growth of the UK market carries its own costs in the form of high payments for acquiring subscribers. Cellular phone operators generally help to expand the market and keep the cost of handsets to a minimum by paying manufacturers a subsidy on each telephone sold.

Stripping out the overseas losses leaves Vodafone with a more convincing underlying growth rate of about 20 per cent.

How is the new competition faring?

The principal development over the past few months has been the launch in April of Orange, a service based on digital technology. It competes directly in technical terms with Mercury's One 2 One. The Mercury service was initially limited to the south-east of England where it has taken market share with the bold stratagem of offering free off-peak calls.

According to One 2 One, its share of the market has grown from 3 per cent at the beginning of the year to almost 5 per cent, with more than 150,000 subscribers. It has now extended coverage to the West Midlands and expects to reach 60 per cent of the UK population by early 1997.

It publishes no profit figures or estimates of revenue per subscriber. Neither, after only six months of operations, does Orange.

Orange's approach is to differentiate itself from the competition by including separate lines for private and business use from the same phone and "free" features such as caller identification. Orange expects to have 70 per cent of the country covered by the end of the year.

Nobody expects today's hectic growth to continue for long. The business market is close to saturation and much of the new growth is coming from the residential sector which makes lower use of the phone. Rental prices, inevitably, must start falling again, adversely affecting profits.

It will be a Merry Christmas but there may be headaches ahead in the new year.

Charles Baynes makes acquisitions for £7.2m

Charles Baynes, the engineer, is spending £7.2m, in cash, to expand its aerospace components and valves activities.

Its Kent Aerospace Castings subsidiary has bought the business and assets of Deritend Aluminium Castings and Triton CNC from Triplex Lloyd and the aluminium investment casting order book of Sterling International Technology for a total of £5.8m.

The group has also bought Rona, a Belgium-based maker of specialist valves, with turnover of about £3m, from a private vendor for £1.4m.

The acquisitions have been funded by a medium-term loan facility and gearing at December 31 this year is expected to be about 25 per cent.

Triplex Lloyd will use the proceeds to reduce net debt and fund restructuring costs.

DAC and Triton made pre-tax profits of £100,000 in the year to March 31.

Sterling's aluminium investment castings sales were £1.25m in the year to March.

Hollinger lifts Telegraph stake

Hollinger, through its *subsidiary First DT Holdings*, has lifted its holding in The Telegraph, the newspaper group, to 58.23 per cent with the purchase of a further 400,000 ordinary shares.

On Friday, it bought 200,000 shares at 348p and 200,000 at 347p, bringing its holding to 78.8m ordinary shares.

Last month, Hollinger, a Canadian publishing company controlled by Mr Conrad Black who is also chairman of The Telegraph, said it was seeking to lift its 57 per cent stake.

Unigroup offers itself as reverse takeover vehicle

Unigroup, the slimmed-down air curtain manufacturer and wind farm operator, is offering itself as a vehicle for a reverse takeover for a company looking for an alternative to a float.

The group is seeking to acquire a UK-based business making pre-tax profits of between £3m and £5m.

The group has cash resources of £13.6m available as part of the consideration and to invest in the business.

"The acquisition will be purchased using the group's cash resources together with new shares," said Mr Jonathan Mervis, chief executive.

Unigroup made a pre-tax profit of £364,000 in the year to end September, against £4.41m for the previous 15 months, from turnover of £6.59m (£38.5m).

Continuing activities contributed a pre-tax profit of £333,000 (£1.21m loss).

Losses per share were 0.1p compared with earnings of 8.5p.

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COMPANY NEWS: UK

BCE takes step into electronic games

By David Blackwell

BCE Holdings, the USM-traded snooker and pool products distributor, yesterday moved into the electronics games business and placed 100m new shares at 11p each.

Shares in the group were suspended at 9½p last month after the group announced that it was acquiring two companies engaged in the development of video and computer games. The acquisitions will quadruple the size of the group, which is valued at £24m at the issue price.

It is paying £3.85m for the entire issued share capital of Rage and £9.98m for Software Creations. The consideration for both companies is made up of a mixture of shares, loan notes and cash, with Rage taking 18.2m shares and Software Creations 36.1m shares. The loan notes are subject to penalties if profit targets are not met.

Rage has among its games Striker, a soccer-based game, and includes Sega among its customers. Games developed by Software Creations include Terminator 2 and Spiderman, and it has Nintendo and Sony among its customers.

The placing – of which 74.8m shares will be firm with the remainder subject to a 2-for-5 open offer to existing shareholders – will raise £11m. Of the total, about £1m will be taken up with expenses, while £5m will go to the company and £5m to help finance the acquisitions.

After the deal is completed, there will be more than 217m shares in issue. The group will operate with two divisions – multimedia, which is expected to account for 75 per cent of profits, and leisure. Shareholders will vote on the proposals at an extraordinary meeting on December 14. Dealings in the ordinary shares are expected to begin on the USM the following day.

Mr Robin Jones, managing director, said yesterday that the revamped group would be seeking a full listing as soon as possible, probably in autumn next year.

Shares fall 7% as exceptional gain cushions pre-tax profits

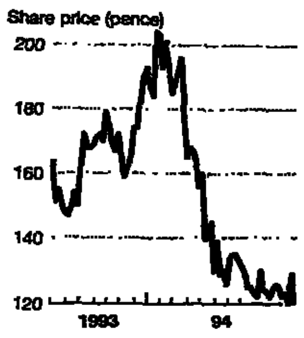
Rising costs squeeze Norcros

By Richard Wolffe

The rising cost of raw materials squeezed operating margins at Norcros, the building materials and print and packaging group, in the six months to September 30.

The shares fell 9p to 120p yesterday as the company announced a 14 per cent decline in operating profits to £10.7m (£12.6m) on turnover ahead by 3 per cent to £194m (£189m).

Pre-tax profits, however, rose to £8.98m (£7.36m) after an exceptional profit of £1.35m on the sale and leaseback of a property. The group still has £24m of property, which it intends to dispose of within 18 months.



Source: FT Graphite

The rise in profits was underpinned by a 40 per cent reduction in net interest costs to £3.11m (£5.2m) after last year's £49.7m rights issue helped to cut group borrowings.

However, gearing at September 30 climbed back from 44 to 49 per cent.

Mr Michael Doherty, chairman, said: "The cost of virtually every raw material we use has gone up and it has been almost impossible to pass on. The overall impact of the costs we have had to absorb is 2 per cent of sales, or between £3m and £4m.

"There is a marked reluctance on the part of retailers of any sort to accept price increases," he added.

Timber price rises of up to 40 per cent helped to cut profit before interest at the core buildings division to £1.64m (£3.9m) on turnover of £91.2m (£83.2m). Price rises have levelled off in the current period.

Crosby Sarek, the timber door and window manufacturer, bore the brunt of a £1m group reorganisation as its workforce was cut by 100 to 700. Five years ago the company employed 1,600 people.

Weak demand in the UK and falling export levels left the ceramics division with turnover down to £49.4m (£52.3m) while profit before interest rose marginally to £3.21m (£3.08m).


Ashley Ashwood
Michael Doherty: retailers are reluctant to accept price increases

However, the specialist print and packaging division reported a 16 per cent rise in profit before interest to £5.97m (£5.15m) on turnover of £53.6m (£51.9m).

Earnings per share rose to 3.3p (2.8p) and the interim dividend is being maintained at 3.5p.

● **COMMENT**

Norcros needs to grasp the nettle at its building products division. Crosby Sarek is languishing in a sector which is oversupplied by about 40 per cent, thanks in part to Spring Ram's expansion in capacity. The company claims to be the victim of raw material costs, but that is hardly supported by the performance of businesses such as John Carr, the Rugby-owned joinery business, which enjoys margins of about 11 per cent. Analysts forecast full-year pre-tax profits of about £18.5m, which gives a p/e of 18. Given the flat demand in the home improvement market, that seems a little optimistic.

European growth helps Filofax advance 68%

By Geoff Dyer

Strong demand from continental Europe helped Filofax Group, the USM-quoted personal organiser concern, to report a 68 per cent rise in interim pre-tax profits from £1.27m to £2.12m in the six months to September 30.

Turnover rose 65 per cent to £13.7m (£8.3m). Excluding Henry Ling, the greetings cards business bought in July, and Drakes Office Systems, a manufacturer of carbonless message books, bought last December, sales grew by 29 per cent.

Mr Robin Field, chief executive, said: "The outlook for both organic growth and further acquisitions is exciting." The group would continue to look for manufacturers of personal stationery products that could be sold through existing distribution channels.

Sales in continental Europe rose 65 per cent. The group's four wholly owned continental subsidiaries showed increased sales of 50 per cent in the original organiser business, compared with a 20 per cent increase in the UK. Including the Drakes brand, UK sales increased by 60 per cent.

Demand in the US and Japan was flat. In the US Filofax has reduced the number of outlets to concentrate on the top end of the market.

Henry Ling contributed £2m in sales and £429,000 to operating profits of £2.18m in August and September. A large part of its revenue comes late in the year from Christmas cards. Sales in businesses other than the original organisers now make up 28 per cent of the total.

Mr Field said that there was considerable scope for growth in countries such as France and Germany where sales per capita of Filofax Group products was 7p and 5p respectively, compared with 50p a head in Sweden and Norway.


Robin Field: exciting outlook for growth and acquisitions

Earnings per share increased by 50 per cent from 4p to 6p and the interim dividend is raised by 40 per cent from 0.75p to 1.05p.

The shares rose 4p to 233p.

Harborne Tenants fights Bradford takeover

Harborne Tenants, the property investment company, has again urged its shareholders to reject approaches from Bradford Property Trust.

In a letter sent to shareholders yesterday, the board says it is prepared to consider a "fair offer" for Harborne, but considers that BPT is trying to acquire the company at an undervaluation.

It believes that the net asset value of the ordinary shares in the company is properly stated at 345p per share. BPT has offered first 230p and then 260p, and Harborne finds it "surprising" that BPT feels the need to "cast aspersions" upon the valuation.

Harborne also warns shareholders that BPT is focusing on the full potential taxation liability on properties that is not expected to arise unless it is BPT's intention to dispose of the properties.

● BPT had yesterday received valid acceptances for 4.76 per cent of the Harborne ordinary shares and 6.33 per cent of the preference shares. Incomplete acceptances had been received for a further 3.54 per cent and 3.64 per cent respectively. When the offer was announced, BPT held 28.1 per cent of the ordinary and 23.7 per cent of the preference.

Ferraris up at £1.1m

Ferraris Group, which designs and produces instruments for the medical and precision engineering industries, saw a 56 per cent rise in pre-tax profits for the year ended August 31, up from £681,000 to £1.06m.

Acquisitions contributed £87,500 to an operating profit ahead at £1.07m (£907,000) and the result also included a writeback of £125,000.

Turnover was £11.3m (£10.6m), of which £692,000 came from acquisitions.

Earnings per share came out ahead at 7p (6.1p). The recommended final dividend of 1.4p (1.25p) makes a total of 2.25p (2p) for the year.

NEWS DIGEST

Purchases boost Southnews

Southnews, the London regional newspaper publisher, lifted pre-tax profits by 61 per cent from £874,000 to £1.41m. Turnover for the six months to October 1 was 53 per cent ahead at £11.4m, compared with £7.41m last time.

Mr Gareth Clark, chairman, said titles acquired in 1993 had been integrated quickly and had achieved forecast performance sooner than expected.

Operating margins improved to 13.2 per cent (11.4 per cent), with gearing falling from 49 to 31 per cent in the period.

Earnings per share came out at 6.14p (3.82p). An interim dividend of 1.35p (0.95p) has been declared. Southnews acquired two new titles last month for a consideration of £1.3m cash and £300,000 in shares.

Hewetson picks up

An all-round improvement at Hewetson, the flooring and building materials concern, meant pre-tax profits jumped from £158,000 to £916,000 in the six months to September 30, on sales 48 per cent higher at £22.3m, against £15.1m.

Mr Peter Price, chairman, said the result reflected the benefits of investments made in the business during the past three years and some improved trading conditions in the early part of 1994. Markets remained difficult to predict, but as usual a lower profit level was expected in the second half.

Earnings per share came to 5.21p (0.16p loss) and the interim dividend has been raised by 50 per cent to 0.75p (0.5p).

F&C Emerging

Foreign & Colonial Emerging Markets Investment Trust reported net asset value per share of 137.8p at September 30, taking prior charges at nominal value, against 101.7p a year earlier.

For the year to the end of September there were attributable losses of £869,000 (£164,000 progits). Losses per share were 0.87p (earnings 0.16p) and the dividend has been passed. There was a single final payment of 0.27p last time.

F&C Spec Utilities

Foreign & Colonial Special Utilities Investment Trust reported net asset value per capital share of 64.25p at September 30.

Net revenue from its incorporation on August 23 1993 to the end of September was £1.93m for earnings per income share of 3.85p. A final dividend of 1.54p is recommended for a total for the period of 3.74p.

F&C Eurotrust

Foreign & Colonial Eurotrust reported fully converted net asset value of 227.7p at September 30, against 212.5p a year earlier.

Net revenue for the year to the end of September was £812,000 (£751,000) for earnings per share of 1.35p (1.26p). A single final unchanged dividend of 1.23p is proposed.

British Inv Trust

The British Investment Trust, which aims to achieve long-term capital growth and regular dividend increases through an international portfolio, had a net asset value per share of 231p at the end of the half year to September 30.

This compared with 220p a year before and represented a 1.3 per cent decline from a restated 234p at March 31. During the six-month period the FT-SE-A All-Share Index fell by 3.3 per cent and the MSCI World Index by 1.8 per cent.

Net revenue for the half year was £14m (£10.6m). Earnings per share rose to 3.7p (3.01p) and the interim dividend is 2.1p (2p).

Mr Colin Ross, director, said the trust continued to invest in strongly capitalised companies with good prospects for long-term growth.

Albert Fisher sales

Albert Fisher, the food processing and distribution company, has sold Delby's and Quality Food Products to Pietercil Resta Foodbrokers, a Belgian broker, for BFr213m (£4.3m) in cash. Delby's has also repaid intra-group debt of BFr211m to Albert Fisher.

Delby's and Quality Food are importers and distributors of branded and own-label grocery products in Belgium and Luxembourg.

Bullers rights result

Bullers, the giftware and media concern, has received acceptances of its £1.26m rights issue in respect of 4.2m new shares representing 59.9 per cent.

There were 910 applicants for the 1-for-7 rights of 7.02m new 10p shares at 20p each. The balance has been taken up by sub-underwriters.

COMMODITIES AND AGRICULTURE

Extended quota roll-over opposed at Opec meeting

By Robert Corzine and Manuela Saragosa in Bali

Opposition emerged yesterday to Saudi Arabia's proposal that the Organisation of Petroleum Exporting Countries rolls over its production ceiling for the whole of 1995.

Delegates meeting in the Indonesian resort of Bali said Kuwait would oppose the plan when ministers met today to discuss various extensions of 24.52m barrels a day production ceiling, which has been in force since September last year.

The Kuwaitis are said to question whether the Saudi proposal would lead to lasting price increases. They favour a six-month roll-over, a position that Saudi Arabia also supported as late as last week but dropped in a surprise move at the weekend.

The Kuwaitis believe the six-month option would give ministers full freedom to decide next June whether market conditions warranted making changes to the ceiling.

It is also likely to be credible to international oil markets, according to Kuwaiti officials.

Saudi Arabia, Opec's largest producer accounting for about a third of total output, believes a one-year roll-over would send a strong positive signal to oil markets.

There were suggestions yesterday, however, that Saudi Arabia was prepared to be flexible and might agree to modify its proposal if other member states voiced strong opposition.

An alternative approach could include a commitment to a one-year extension, with the proviso that ministers would have the option to review the ceiling and individual national quotas at the June meeting.

Kuwait is believed, however, to be adamant that a six month roll-over would be sufficient.

Proponents of the one-year option say it would reduce the possibility of an acrimonious meeting in June over output levels and quotas, the most troublesome topics for Opec.

Other items on today's agenda include discussions on a successor to Dr Subroto, the Indonesian Secretary-General who stepped down last June.

International coffee market distortion attacked

By Alison Maitland

Coffee futures prices in London plunged by over $200 a tonne to their lowest levels for four months as traders sold out of long positions in the absence of buying interest from roasters.

London's January robusta contract fell $208 to $3,075 a tonne. In New York, March arabica futures were down 9.35 cents at 163 cents a pound in late trading.

The international coffee sector should be allowed to take full advantage of higher earnings resulting from this year's surge in prices, Mr Celsius Lodder, the new executive director of the International Coffee Organisation, said yesterday.

Addressing a meeting of the Interafrican Coffee Organisation in Lomé, Mr Lodder attacked producing countries that held down domestic prices artificially or imposed export taxes "without any regard to overall world supply".

He said such actions limited exports and increased international price volatility at a time when traders and roasters were trying to defend their market shares and build new markets, for example in eastern Europe and Asia.

"Many producers have accumulated losses and debts, and export companies, only recently acting in a free-market, liberalised economy, have not been operating long enough to build up solid working capital," he added.

Mr Lodder, who took up his post last month, said the ICO had to find a new role in a less interventionist world, where the private sector played an increasingly important part.

"The end of the large government coffee authorities, in Brazil and Mexico for example, together with the privatisation of internal and external trade, have contributed to making the private sector virtually dominant in some countries," he said.

The ICO's goals were to increase membership, involve the private sector in its activities, raise its public profile and produce more statistical information and country reports, he said.

Among specific projects, he said the ICO would be linked into the Internet, the emerging information superhighway that connects about 2m computers and 7,000 databases around the world.

It would also co-ordinate assistance for countries such as Angola and Rwanda, whose coffee sectors have been badly damaged by war or climatic disasters.

On production policy, it would develop guidelines for the "rational self-regulation" of output, putting an emphasis on incentives to improve quality rather than quantity.

Russian nickel plant problems 'serious'

By Kenneth Gooding, Mining Correspondent

Production problems at Norilsk in Siberia, which supplies 120,000 tonnes a year of the world's nickel, or 15 per cent of total output, appear to be serious, according to Macquarie Equities, the Australian financial services company.

Mr Jim Lennon, Macquarie's metals analyst, said last night, however, it had still to be determined how serious the production losses would be. "Some people say the problems can be solved quickly but others say they will have a long-term impact."

Nickel is used mainly in the production of stainless steel for which demand is booming.

While the Reuter news agency last Friday reported a senior official at the Norilsk plant had denied the problems were serious, Mr Lennon said that "usually reliable" Russian sources told a different story.

Mr Lennon said he understood that there was an explosion at a transformer at the Norilsk thermal (gas-fired) power plant on November 4 which took about two weeks to repair. The plant supplies heating and power to the town of Norilsk and also to the smelting and refining plants. A power failure stopped pumping and cooling systems at the station and this caused damage to three of its four turbines.

The power "outages" and restriction of heating then led to major damage to uninsulated pipes and other equipment at the metallurgical plants because present outside temperatures at Norilsk are minus 30 to minus 35 degrees Centigrade. "There are reports that a pipeline carrying concentrate to the metallurgical plants froze and then exploded," said Mr Lennon.

"One source expects problems throughout the winter, with full repairs not being possible until next summer. If this is correct – but it is difficult to confirm at the moment – there could be a substantial fall in nickel exports from Russia next year."

Advice agency set up to aid UK livestock producers

By Deborah Hargreaves

The Meat and Livestock Commission, the British meat industry's promotion and market monitoring agency, has set up a joint venture partnership with the Scottish Agricultural College to provide genetic and breeding advice to livestock farmers.

The company, which is to be called Signet Farm Business Consultancy, will begin trading in January next year. It also plans to build on the college's expertise to offer business consultancy services to farmers.

The venture will include breeding programmes that are already being offered separately by the commission and the college.

Mr Peter Redshaw, chairman of the new venture, explained: "The company will enable us to operate more efficiently and offer an improved service to farmers".

Going for quality at farm machinery show–case

Organisers of London's Smithfield Show are seeking visitors with spending-power

FARMER'S VIEWPOINT

By David Richardson

The Royal Smithfield Show, which opens its four-day run at Earl's Court exhibition hall in London next Sunday, is rooted in the traditions of the meat trade. But for many years the viability of the event has relied heavily on the farm machinery industry, which uses it as a winter showcase for equipment which it hopes to sell to dealers and their farmer customers for use on the land in the coming year.

A few years ago, the show appeared to be on its last legs. Attendance was falling a little further each year: machinery manufacturers were pulling out, leaving unoccupied floor space for probably the first time in the show's long history: farming and its ancilliary trades faced declining margins resulting from a combination of shrinking European Union support and a run of unfavourable weather. Almost the entire industry was in the doldrums.

But the buoyancy is back and the organisers have every expectation of a lively and successful show. They base their optimism on a variety of factors. First, the marketing of the event has been revamped to concentrate on the "quality" of those attending rather than mere numbers. A survey taken at last year's event, for instance, indicated that although attendance was less than 44,000 it was made up almost entirely of decision-makers in farming and the machinery trade.

Moreover, 67 per cent said they were likely to place an order for some kind of equipment as a result of their visit to Earl's Court. Exhibitors have accepted the logic of this approach and many prestigious companies have returned, especially after the show's organisers introduced low-cost modular stands to replace the flashy creations of the past.

The confidence and the cash behind those changes, however, came about as a result of EU area payments in compensation to farmers for setting land aside, which were higher than anticipated. The devaluation of sterling in the autumn of 1992 and the fact that such payments are calculated in Ecus saw to that and gave UK farmers an advantage over most of their European neighbours. Further, market prices for many farm-produced commodities have been higher than expected and well above apparent support levels because of shortfalls in supplies.

This situation has continued through 1994 and tractor sales, which are always a good barometer of farmers' confidence, were running marginally ahead of 1993 at the end of October. Total UK registrations were 16,044 compared with 15,433 in the corresponding period of 1993.

This small advance, the Agricultural Engineers Association believes, is likely to be eroded by the end of December to give a whole-year figure of about the same as last year's 17,899 units. That would still compare very favourably, however, with the low reached in 1992 when only 13,454 tractors were sold to UK farmers.

How long this relatively lively trade will continue is, however, the subject of much speculation. Some industry pundits believe it will prove only a brief interruption to the downward trend that appeared to be established before the sterling devaluation.

Certainly, the machinery trade seems to regard the current situation as a temporary window of opportunity which it can exploit. Many farmers see it in a similar light and have grabbed the chance to replace old and unreliable machines so as to be able to batten down the hatches when funds become tighter.

For there is widespread concern that the good times cannot last. Thinking farmers and machinery manufacturers look at the budget-busting payments to an industry that is supposed to be getting used to world prices and the free trade of the Gatt accord and wonder how they can be maintained.

Then there is Franz Fischler, the EU's new agricultural commissioner, who takes over the portfolio on January 1. This Austrian clearly remains an unknown quantity. But his background among small mountain farms and ultra-green policies may not make him sympathetic to the relatively larger and mainly intensively managed farms of the UK.

Paradoxically, the UK's agricultural industry is already responding to anticipated pressures by increasing the size of farms so as to benefit from the economies of scale. One commentator has estimated that up to 1m acres (400,000 hectares) of Britain are now contract-farmed. This almost certainly means that the owners are earning significantly more from this land than they could have done under their own management.

Machinery manufacturers have been doing similar things for years. Takeover, mergers and joint ventures are increasingly characterising what is now a thoroughly international business. And when the multinational companies that serve farmers find it necessary to rationalise it is pretty clear that their clients, whose businesses are tiny in comparison, should do likewise.

Indeed, the way the Smithfield Show is now organised reflects this cut in the number of decision-makers at all levels, the need to rationalise and economise and the increasing internationalism of the trade.

This will be the last full-scale annual Smithfield Show. In future, it will be held every second year, alternating with the Agritechnica Show in Germany. Pleasingly, an annual lifestock and meat show will continue to be held in London just before Christmas.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1987-88	1988-89
Previous	1965.5-66.5	1970.5-71.0
High/low	1991.5	2001/1980
AM Official	1991.5-92.0	1991.5-92.0
Kerb close		1982-3
Open int.	250,907	
Total daily turnover	55,975	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1860-70	1900-905
Previous	1860-70	1895-900
High/low		1920/1905
AM Official	1870-80	1910-13
Kerb close		1905-15
Open int.	2,991	
Total daily turnover	299	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	672.5-73.5	690.5-91.0
Previous	676.5-77.5	694-95
High/low		694/687
AM Official	674-74.5	689-89.5
Kerb close		688.5-89.0
Open int.	43,020	
Total daily turnover	5,761	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	7655-65	7780-90
Previous	7595-605	7720-25
High/low	7703/7700	7905/7780
AM Official	7702-3	7820-30
Kerb close		7810-20
Open int.	66,185	
Total daily turnover	16,780	

■ TIN ($ per tonne)

	Cash	3 mths
Close	6240-50	6330-40
Previous	6195-205	6290-95
High/low		6345/6240
AM Official	6250-60	6345-50
Kerb close		6325-30
Open int.	21,302	
Total daily turnover	4,544	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	1175.5-76.5	1201-3
Previous	1175.5-76.5	1203-4
High/low	1173/1172	1208/1196
AM Official	1172-73	1197-97.5
Kerb close		1195-96
Open int.	110,902	
Total daily turnover	14,510	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	2876-77	2831-32
Previous	2879-81	2827-28
High/low	2875/2870	2838/2809
AM Official	2872-74	2835-38
Kerb close		2832-33
Open int.	234,355	
Total daily turnover	53,226	

■ LME AM Official £/$ rate: 1.5677
LME Closing £/$ rate: 1.5675
Spot:1.5664 3 mths:1.5668 6 mths:1.5654 9 mths:1.5640

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	Low	Open int	Vol
Nov	137.00	+1.70	137.10	135.00	795	138
Dec	136.35	+1.80	137.05	133.60	26,819	5,404
Jan	132.50	+1.60	132.50	132.05	935	106
Feb	131.35	+1.50	131.35	131.00	766	200
Mar	129.30	+1.35	129.70	127.50	17,562	2,403
Apr	126.35	+1.15	-	-	669	8
Total					68,537	8,687

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	383.00-383.30	
Opening	383.70-384.10	
Morning fix	383.60	244.596
Afternoon fix	383.40	244.640
Day's High	383.80-384.20	
Day's Low	382.40-382.80	
Previous close	383.80-384.20	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	4.97	6 months	5.41
2 months	5.10	12 months	5.80
3 months	5.15		

Silver Fix	p/troy oz.	US cts equiv.
Spot	328.40	614.90
3 months	333.25	522.45
6 months	338.45	530.30
1 year	351.20	549.45
Gold Coins	$ price	£ equiv.
Krugerrand	385-388	245-248
Maple Leaf	393.80-396.30	
New Sovereign	89-92	57-60

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Nov	383.2	-0.7	-	-	-	-
Dec	383.6	-0.9	384.2	382.4	85,605	30,728
Jan	385.3	-0.9	-	-	-	-
Feb	387.4	-0.9	388.0	386.0	32,834	8,752
Apr	391.2	-0.8	391.5	389.5	12,939	1,553
Jun	395.1	-0.8	395.7	393.5	12,681	1,825
Total					168,109	45,672

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Jan	411.6	-2.4	413.0	409.2	15,967	1,689
Apr	416.1	-2.4	417.5	414.0	7,515	181
Jul	420.5	-2.4	420.5	420.0	1,976	3
Oct	425.6	-2.4	426.0	425.6	507	-
Jan	428.6	-2.4	429.0	428.6	10	-
Total					25,985	1,873

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Dec	153.75	-1.90	155.00	153.75	2,352	861
Mar	154.75	-1.85	155.75	154.75	4,924	947
Jun	155.75	-1.85	157.00	155.75	574	28
Sep	156.25	-1.85	-	-	96	-
Total					7,946	1,836

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Nov	515.1	+1.2	-	-	-	-
Dec	516.7	+1.0	517.5	511.5	50,794	21,008
Jan	518.0	+1.0	-	-	90	3
Mar	524.3	+1.0	526.5	520.0	44,331	6,780
May	530.3	+1.0	531.0	526.5	5,608	57
Jul	536.6	+1.0	537.5	535.0	7,957	133
Total					133,811	28,414

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	17.82	+0.32	17.95	17.75	15,604	30,032
Feb	17.79	+0.24	17.88	17.74	114,780	51,555
Mar	17.75	+0.23	17.83	17.69	50,553	15,661
Apr	17.70	+0.20	17.75	17.70	30,701	4,519
May	17.70	+0.22	17.75	17.70	17,585	3,825
Jun	17.75	+0.29	17.75	17.75	15,876	1,482
Total					392,621	118,732

■ CRUDE OIL IPE ($/barrel)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	17.07	+0.35	17.13	17.00	92,841	25,191
Feb	16.82	+0.39	16.85	16.75	28,856	8,349
Mar	16.63	+0.37	16.64	16.56	16,186	2,822
Apr	16.50	+0.39	16.50	16.46	5,667	89
May	16.42	+0.39	16.42	16.40	3,685	770
Jun	16.35	+0.32	16.35	16.35	3,651	939
Total					159,419	38,687

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	48.85	+0.77	48.90	48.45	30,664	13,402
Jan	49.50	+0.82	49.54	49.10	43,471	7,663
Feb	50.10	+0.77	50.13	49.90	25,869	4,495
Mar	50.25	+0.77	50.25	50.05	14,426	4,133
Apr	49.65	+0.62	49.65	49.65	9,568	939
May	49.00	+0.47	49.00	49.00	5,107	399
Total					166,637	31,404

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	148.50	-0.50	151.75	148.50	35,777	8,279
Jan	151.25	-	154.00	151.25	24,650	3,378
Feb	152.25	-0.50	156.00	152.25	12,800	1,988
Mar	152.75	-	155.00	152.75	8,546	586
Apr	151.50	+0.25	153.25	151.50	3,048	214
May	151.25	+0.75	152.50	151.25	765	143
Total					94,286	14,759

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu.)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	1.635	-0.050	1.690	1.630	16,246	31,194
Jan	1.810	-0.031	1.845	1.805	32,050	9,493
Feb	1.820	-0.023	1.845	1.820	16,927	5,208
Mar	1.820	-0.018	1.845	1.818	14,160	2,224
Apr	1.785	-0.019	1.808	1.785	7,658	1,208
May	1.780	-0.017	1.810	1.780	7,515	691
Total					146,835	52,231

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	55.05	+0.07	55.70	54.85	21,317	11,670
Jan	54.25	+0.42	54.50	54.05	24,716	7,919
Feb	54.15	+0.41	54.45	54.00	10,688	3,247
Mar	54.40	+0.41	54.50	54.25	5,983	1,997
Apr	57.35	+0.31	57.35	57.25	5,857	892
May	57.00	+0.96	-	-	1,968	226
Total					74,825	26,340

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Nov	104.50	-0.75	105.50	104.50	196	106
Jan	105.40	-	105.65	105.20	1,994	136
Mar	107.25	-0.15	107.25	107.10	1,633	9
May	109.30	-0.10	109.30	109.10	1,667	1
Jul	110.90	-0.10	110.90	110.80	119	10
Sep	94.00	-	94.00	94.00	61	3
Total					6,340	265

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	374/2	-3/2	378/4	373/4	21,485	7,445
Mar	386/6	-1/4	390/2	386/4	32,121	5,599
May	368/4	-1/0	371/4	368/2	4,976	568
Jul	336/0	-0/2	337/6	335/2	11,100	1,068
Sep	342/0	-	342/4	340/4	405	112
Dec	353/0	+2/4	-	-	156	8
Total					70,260	14,796

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	216/2	-1/0	217/0	216/0	87,432	21,487
Mar	227/4	-1/0	228/4	227/2	81,621	10,145
May	234/6	-1/0	235/4	234/4	30,550	2,457
Jul	239/2	-1/0	240/0	239/0	41,342	2,401
Sep	243/2	-	244/2	243/2	3,878	288
Dec	248/2	+0/4	248/4	247/0	21,722	996
Total					268,728	37,839

■ BARLEY LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Nov	101.50	+0.35	-	-	13	
Jan	102.40	-0.35	102.50	102.40	473	10
Mar	104.75	-0.25	-	-	139	
May	107.25	-	-	-	44	
Sep	92.00	-0.50	-	-	20	
Nov	95.00	-	-	-	66	
Total					755	10

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	563/4	-7/0	569/0	563/0	190	2,024
Mar	572/6	-6/4	578/0	572/2	51,840	18,070
May	580/2	-6/0	585/0	579/0	28,991	2,698
Jul	586/0	-4/6	590/0	585/0	14,722	1,068
Aug	588/4	-4/6	593/0	588/0	22,863	2,059
Sep	589/0	-5/0	593/0	589/0	1,750	112
Total					131,985	27,183

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	28.21	-0.36	28.41	27.96	30,996	6,481
Jan	27.02	-0.46	27.35	26.87	24,268	4,780
Mar	25.97	-0.38	26.22	25.80	20,177	3,078
May	25.23	-0.25	25.32	24.98	15,615	675
Jul	24.80	-0.26	24.75	24.40	9,521	1,441
Aug	24.32	-0.13	24.50	24.30	1,920	132
Total					111,854	19,014

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	158.9	-0.4	160.2	158.6	26,726	4,266
Jan	160.7	-0.3	162.0	160.6	22,841	4,047
Mar	164.4	-0.8	165.8	164.2	19,823	1,979
May	168.5	-1.1	170.4	168.5	10,781	831
Jul	173.4	-1.1	175.0	173.3	10,078	937
Aug	175.3	-1.2	176.8	175.3	2,370	330
Total					100,347	13,838

■ POTATOES LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	105.0	-	-	-	-	-
Apr	276.5	-4.5	287.0	279.0	1,201	147
May	286.0	-1.5	-	-	1	-
Jun	250.0	-	-	-	-	-
Total					1,202	147

■ FREIGHT (BIFFEX) LCE ($10/index point)

	Sett price	Day's change	High	Low	Open int	Vol
Nov	1885	+5	1890	1884	249	25
Dec	1889	+19	1900	1889	376	38
Jan	1805	-	1830	1805	1,084	61
Apr	1705	-15	1730	1705	1,012	30
Jul	1500	-	1500	1500	133	2
Jan	1610	-15	-	-	17	-
Total					2,871	160

	Close	Prev
BFI	1892	1855

Tea
There was good general demand this week reports the Tea Brokers' Association. Landed colouory Assams were well supported at firm rates, while plain North Indians often gained several pence. Brightest East Africans were strong and fully firm to dearer. Coloury mediums were steady but plainer sorts were 3 to 5p lower. Plain Burundis were a weak feature. Ceylons met fairly wide enquiry but at lower levels. Offshore met less demand at easier rates. *Quotations:* best available 175p/kg; nom good 145p/kg; good medium 120p/kg; medium 110p/kg; low medium 85p/kg; the highest price realised this week was 177p/kg for an assam pd.

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	979	+16	979	958	18,382	2,447
Mar	998	+14	999	981	43,973	4,228
May	1002	+9	1003	989	15,698	1,008
Jul	1009	+6	1012	1001	6,793	238
Sep	1019	+7	1022	1009	12,759	559
Dec	1035	+9	1035	1028	10,014	206
Total					114,413	9,679

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	1305	+24	1310	1298	1,406	411
Mar	1337	+13	1347	1335	43,434	4,317
May	1360	+13	1370	1360	9,285	235
Jul	1384	+13	1390	1384	3,911	338
Sep	1408	+10	-	-	1,578	44
Dec	1438	+10	-	-	5,132	25
Total					76,872	5,579

■ COCOA (ICCO) (SDR's/tonne)

Nov 18	Price	Prev. day
Daily	985.58	987.63

■ COFFEE LCE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Nov	3033	-220	3160	3033	369	49
Jan	3075	-208	3235	3075	10,043	2,726
Mar	3043	-206	3190	3040	8,604	1,966
May	3020	-205	3155	3020	3,823	613
Jul	3018	-180	3128	3018	1,231	56
Sep	3003	-185	3120	3003	2,223	106
Total					26,807	5,584

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	158.65	-8.75	165.50	158.25	1,390	1,439
Mar	163.70	-8.85	169.50	160.50	17,488	5,107
May	168.30	-6.00	171.50	168.30	6,289	438
Jul	170.30	-6.00	173.00	170.30	2,200	255
Sep	171.50	-6.00	174.25	171.50	1,013	30
Dec	172.50	-6.00	174.70	173.10	860	65
Total					28,363	7,338

■ COFFEE (ICO) (US cents/pound)

Nov 18	Price	Prev. day
Comp. daily	165.46	169.37
15 day average	174.20	175.14

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	13.00	-	-	-	-	-
Mar	13.93	-	-	-	90	-
May	14.27	+0.22	-	-	860	-
Jul	13.79	-	-	-	450	-
Total					1,400	-

■ WHITE SUGAR LCE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	391.50	+5.20	392.50	383.00	10,634	1,156
May	386.30	+5.00	386.50	378.00	4,262	1,006
Aug	378.20	+4.70	378.20	371.00	2,807	194
Oct	351.20	+2.80	351.20	347.50	1,452	72
Dec	349.30	+2.70	-	-	100	-
Mar	348.90	+2.70	-	-	199	-
Total					19,504	2,428

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	13.98	+0.18	14.07	13.62	101,798	11,042
May	14.01	+0.17	14.06	13.67	30,868	2,881
Jul	13.78	+0.13	13.81	13.49	19,826	1,972
Oct	13.16	+0.14	13.19	12.94	16,674	815
Mar	12.66	+0.09	12.72	12.45	4,087	418
May	12.47	+0.03	12.47	12.34	353	50
Total					173,882	17,195

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	74.13	-0.22	74.95	73.90	10,049	5,591
Mar	76.20	+0.13	76.90	75.72	25,596	6,295
May	77.35	+0.30	77.90	76.65	7,771	745
Jul	78.00	+0.27	78.45	77.45	4,967	129
Oct	71.65	+0.15	72.00	71.65	665	34
Dec	70.33	-0.02	70.80	70.06	3,325	82
Total					52,461	12,878

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	107.55	-10.00	113.50	107.55	17,106	22
Mar	116.20	-5.00	118.75	116.20	8,147	1,088
May	118.95	-5.00	119.50	118.95	1,886	628
Jul	121.45	-5.00	122.00	121.45	1,036	227
Sep	124.25	-5.00	124.60	124.50	1,675	650
Nov	122.35	-5.00	122.35	122.35	1,300	7
Total					29,688	2,636

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Nov 21	Nov 18	month ago	year ago
2159.8	2144.7	2071.7	1629.2

■ CRB Futures (Base: 1967=100)

Nov 18	Nov 17	month ago	year ago
232.72	233.61	231.63	223.49

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	69.625	-0.350	70.425	69.500	25,336	3,443
Feb	69.200	+0.025	69.925	69.075	26,956	2,388
Apr	69.675	-0.150	70.200	69.550	17,425	1,757
Jun	65.575	-0.025	65.900	65.425	5,896	300
Aug	63.800	-0.075	64.150	63.750	1,934	332
Oct	64.600	-0.150	64.900	64.500	561	87
Total					78,004	8,308

■ LIVE HOGS CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	32.250	-0.400	32.900	32.075	13,865	2,703
Feb	34.950	-0.475	35.600	34.750	11,518	2,859
Apr	35.950	-0.550	36.600	35.850	8,235	829
Jun	41.350	-0.650	42.000	41.150	3,041	172
Aug	41.225	-0.425	41.600	41.000	690	32
Oct	38.750	-0.250	39.100	38.750	515	39
Total					38,897	6,743

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Feb	36.900	-0.900	38.300	36.800	8,025	2,564
Mar	37.150	-0.800	38.350	37.025	1,212	359
May	38.450	-0.750	39.750	38.400	434	94
Jul	39.525	-0.550	40.500	39.425	377	32
Aug	38.200	-0.625	38.650	38.100	93	7
Total					10,141	3,056

LONDON TRADED OPTIONS

Strike price $ tonne	Calls		Puts	
■ ALUMINIUM (99.7%) LME	Feb	Apr	Feb	Apr
1900	141	154	57	101
1950	113	129	78	125
2000	88	108	103	152
■ COPPER (Grade A) LME	Feb	Apr	Feb	Apr
2750	149	110	74	161
2800	122	92	96	191
2850	97	75	122	223
■ COFFEE LCE	Jan	Mar	Jan	Mar
3300	70	155	305	412
3350	68	143	343	450
3400	59	132	384	450
■ COCOA LCE	Dec	Mar	Dec	Mar
950	6	74	3	26
975	-	59	22	36
1000	118	46	93	48
■ BRENT CRUDE IPE	Jan	Apr	Jan	Apr
1600	106	110	11	66
1650	73	84	28	93
1700	43	65	51	121

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Jan)

		+or-
Dubai	$15.73-5.81z	+0.145
Brent Blend (dated)	$17.07-7.09	+0.580
Brent Blend (Jan)	$16.92-6.94	+0.200
W.T.I. (1pm est)	$17.66-7.68z	+0.080

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$175-177	
Gas Oil	$150-153	-0.5
Heavy Fuel Oil	$108-109	+1
Naphtha	$173-176	+0.5
Jet fuel	$167-169	-6.5
Diesel	$157-158	-1

Petroleum Argus. Tel. London (071) 359 8792

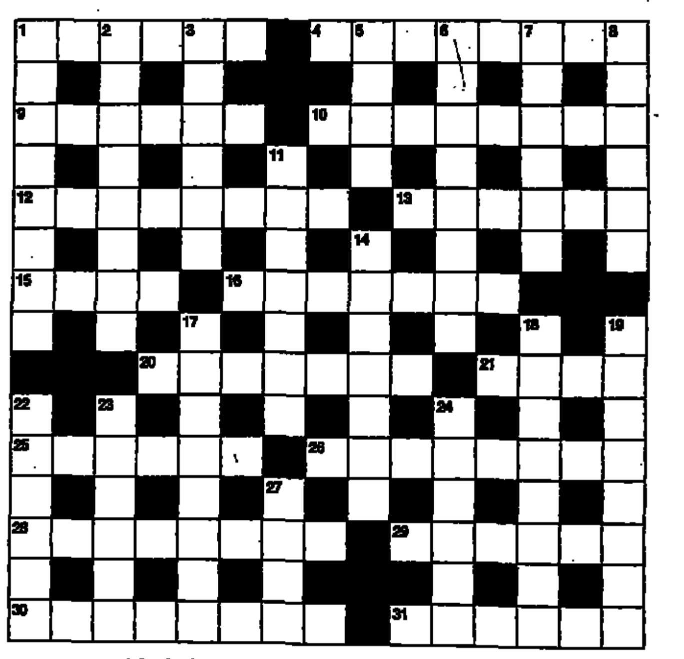
■ OTHER

Gold (per troy oz)‡	$383.15	-0.85
Silver (per troy oz)‡	515.5c	-2.0
Platinum (per troy oz.)	$409.75	-4.50
Palladium (per troy oz.)	$153.75	-2.50
Copper (US prod.)	140.0c	
Lead (US prod.)	40.75c	
Tin (Kuala Lumpur)	15.70r	-0.09
Tin (New York)	292.5c	+2.0
Cattle (live weight)†	116.85p	+0.07*
Sheep (live weight)†♠	107.18p	+4.72*
Pigs (live weight)	73.78p	+1.58*
Lon. day sugar (raw)	$338.00	+0.20
Lon. day sugar (wte)	$307.50	+0.20
Tate & Lyle export	£329.00	
Barley (Eng. feed)	Unq.	
Maize (US No3 Yellow)	£132.0v	
Wheat (US Dark North)	£165.0v	
Rubber (Dec)♥	87.50p	-0.50
Rubber (Jan)♥	87.25p	-0.50
Rubber (KL RSS No1 Jul)	345.0m	+1.0
Coconut Oil (Phil)§	$697.5q	-17.5
Palm Oil (Malay.)§	$717.5u	-22.5
Copra (Phil)§	$460.0q	
Soyabeans (US)	£165.0z	
Cotton Outlook'A' index	78.10c	
Wooltops (64s Super)	460p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. y Jan/Mar. v Nov/Dec. u Dec. z Jan. t Nov. q Dec/Jan ♥ London Physical. § CIF Rotterdam. ‡ Bullion market close. ♠ Sheep (Live weight prices). * Change on week © Prices are for previous day. † - 14/11/94 Corrected figure for WTI $17.80-7.82

CROSSWORD

No.8,617 Set by ALAUN



ACROSS
1 Said "Take a couple" and you can't get out of it (4,2)
4 An excellent shot but mad (8)
9 Got weaving and closed the gap (6)
10 Fetching or finding fetching (5,3)
12 Contrary, fight against letting it through (8)
13 Get as far as "an old plane holed in the tail" (4,2)
15 Can't hold even a very little liquor? (4)
16 The old chap before that had coped (7)
20 Getting even with Reg. perhaps? (7)
21 Back, too, that's no longer tender (4)
25 What happened to the key-holes? (6)
26 Put out the fire (8)
28 Nothing marvellous and I'm not surprised (2,6)
29 Rather on the quiet, direct to you (6)
30 Then made a ridiculous to-do about being punctual (2,3,3)
31 The tail that knocked it off the ashtray? (3-3)

DOWN
1 Wasn't silent, one argued (3,5)
2 Being terribly embarrassed is rotten (4,4)
3 Fly as arranged in the outset (6)
5 Space to dig in (4)
6 Means it's not for money (8)
7 Smoked and was short of breath (6)
8 The act now showing will excite you (4,2)
11 Take the helm one morning in the vessel (7)
14 Performed a song that's made a comeback, popular in Spain (7)
17 It tells you how much time you have (8)
18 Coming into money (5,3)
19 Liable, having smoked outside, to get caught (8)
22 Had taken care of and was witnessed so doing (4,2)
23 Standing in mine is a little bird (6)
24 There are two vacancies left in a foreign city (6)
27 Up again an ounce, about? That's nothing! (4)

Solution to Saturday's prize puzzle on Saturday December 3.
Solution to yesterday's prize puzzle on Monday December 5.

LONDON STOCK EXCHANGE

MARKET REPORT

Institutions hold back as Wall Street falters

By Steve Thompson

There were no real surprises around the City of London's trading rooms at the lacklustre performance by UK equities at the start of a week which traditionally sees US interest down to a minimum ahead of the annual Thanksgiving Day holiday, scheduled for Thursday.

And the big institutions were said to be remaining on the sidelines, trying to assess the mood of the stock market ahead of the Budget, due a week from today.

At the close of a very quiet trading session the FT-SE 100 Index was 10.0 lower at 3,121.0. The second-liners were equally becalmed, with the FT-SE Mid 250 Index settling 6.1 off at 3,569.5.

The gilt-edged sector did its best to bolster the equity market, but early firmness in longer dated issues was quietly eroded in a similarly subdued session and failed to provide much support for share prices.

Dealers refused to adopt a bearish attitude to the market, however. "Today was not too discouraging," said one leading trader. "We have gone easier on very small volume and the selling pressure has been minimal. The undertone remains solid and there are no scare stories about the Budget doing the rounds."

Some traders expressed surprise at London's refusal to respond to a firm opening on Wall Street and a good performance by European stock and bond markets throughout the session. And a better showing by the US currency should have bolstered the big dollar earners.

Share prices were always struggling, with marketmakers, conscious of Wall Street's rather fragile performance last Friday, unwilling to run bull positions at the start of the week. Early deals were mostly on the sell side and the FT-SE 100 fell away to the day's low point, down 14.3 at 3,116.7, within an hour of the opening.

There was some unease in the market with news that the UK's non-EU trade deficit came in slightly worse than expected, but analysts said the news played little part in the day's performance.

Activity was down to a trickle over the lunchtime period, and gradually picked up in the early afternoon. It was partly stimulated by the higher opening on Wall Street but later petered out as the US market began to falter.

Turnover, which has improved strongly over the past couple of weeks, proved a major disappointment yesterday, reaching a dismal 487.4m shares. The lack of institutional interest was plainly evident as non-Footsie stocks accounted for 67 per cent of the day's total. Dealers are hoping that trading picks up as the week wears on; the value of customer business in the market last Friday was £1.28bn, continuing the recent run of strong institutional activity.

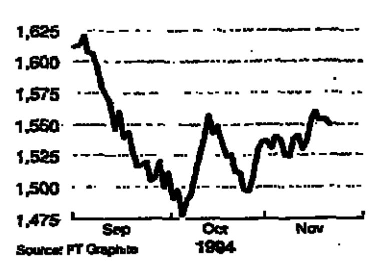
"It was a typical Monday in the market," said the head of marketmaking at one of London's leading securities houses. "Low volume, despite good performances from gilts, bunds and bonds." He added that London needed Wall Street to hold last night.

The drugs sector provided the FT-SE 100 with its best performers. Glaxo and Wellcome sped ahead following the Glasgow Aids conference at which it was disclosed that a cocktail of Glaxo's 3TC compound and Wellcome's AZT drug produced the best results in clinical trials.

Allied Domecq, on the other hand, suffered from yet more downgrades in front of Thursday's interim figures. Hanson moved ahead as a big line of stock overhanging the market was cleared.

Oil shares gave ground early in the day, but made good progress towards the close as it became clear that the market expects the Opec meeting in Bali to agreee a rollover of the current 24.5m barrels a day output ceiling for 12 months. Crude oil prices were up around 40 cents yesterday, and above the important $17 a barrel level.

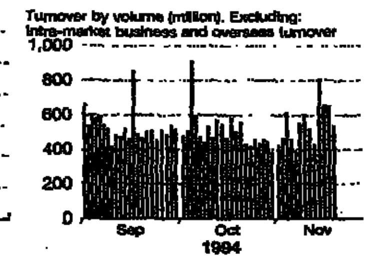
FT-SE-A All-Share Index



Source: FT Graphite

Equity Shares Traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



■ Key Indicators

Indices and ratios

FT-SE 100	3121.0	-10.0	FT Ordinary Index	2399.8	-7.2
FT-SE Mid 250	3569.5	-6.1	FT-SE-A Non Fins p/e	18.77	(18.76)
FT-SE-A 350	1565.5	-4.5	FT-SE100 Fut Dec	3128.0	-12.0
FT-SE-A All-Share	1550.01	-4.21	10 yr Gilt yield	8.60	(8.60)
FT-SE-A All-Share yield	3.92	(3.91)	Long gilt/equity yld ratio:	2.22	(2.23)

Best performing sectors

1 Pharmaceuticals ..... +0.7
2 Leisure & Hotels ..... +0.5
3 Retailers, General ..... +0.3
4 Health Care ..... +0.2
5 Textiles & Apparel ..... +0.2

Worst performing sectors

1 Banks ..... -1.3
2 Spirits, Wines & Cider ..... -1.0
3 Property ..... -0.9
4 Engineering, Vehicles ..... -0.8
5 Merchant Banks ..... -0.8

Hanson bucks bad news

Internationally traded conglomerate Hanson saw its shares ignore some disappointing news and forge ahead as investors finally noted their recent underperformance.

The company announced that it had been forced to drop the planned flotation of US toy maker Ertl because of poor stock market conditions. The news put paid to hopes that it would raise some $200m for a 63 per cent flotation.

However, a large line of some 8m shares which had been washing around the market was finally cleared, and several specialists pointed out that the Hanson share price had underperformed the broad market by 7 per cent over the past quarter.

Investment houses have been expressing their confidence ahead of full-year figures due next Thursday. Company broker Hoare Govett was in Scotland talking to investment institutions following a positive review and Lehman Brothers was discussing a buy note with clients. Hanson gained 4 at 237p, with turnover reaching 12m, the heaviest among leading issues.

Allied downgrade

Spirits group Allied Domecq tumbled 13 to 583p as dealers said Cazenove, the company's broker, had downgraded profits expectations just ahead of Allied's interim results.

There was no confirmation from Cazenove, but the speculation led to strong activity in the shares and turnover rose to 5.1m, making it the stock's busiest session for nearly 6 months. Allied reports interim figures on Thursday. The market range is £310m to £340m.

Sentiment was hit further by news that Morgan Stanley had placed the stock on its "sell" list from a previous "hold" recommendation and weighed in with a sharp profits downgrade. The broker scaled back its profits forecast for the year 1994-95 by £26m to £646m and that of the following year by £36m to £778m. Analyst Mr Charles Winston cited destocking in the Mexican market, difficult trading at Carlsberg-Tetley, the brewing joint venture, and a revised interest charge.

Nervousness ahead of this week's figures led to the initial retreat in the stock last week when Smith New Court downgraded current year earnings per share and moved the stock from a "buy" to a "hold" stance last Thursday.

Drugs fizz

Leading pharmaceuticals groups Glaxo and Wellcome were the star performers in London following encouraging reports from a conference on Aids.

Wellcome opened weaker as Glaxo decided to backtrack from licensing its Aids product 3TC to the company and continue to develop it in-house. However, some brokers argued that the benefits coming out of the conference outweighed the disadvantages. Lehman Brothers said sales of both products would be boosted and every additional $100m of Retrovir sales would add 2p a share to Wellcome's earnings.

It will be some time before trials on the Retrovir/3TC cocktail are translated into increased profits. But the news gave a lift to sentiment and, with the help of a firmer dollar, Glaxo advanced 13¾ to 626p while Wellcome improved 12 to 675p.

VSEL gained 30 at 1518p following widespread weekend press comment on the possibility of an early reply in the bid battle for the submarine maker from electronics giant GEC.

British Aerospace eased 4 to 446p, which shaded the value of its all-share offer for VSEL to under 1459p. According to analysts yesterday, GEC could shortly step up its 1400p a share cash bid to 1550p. GEC dipped 1½ to 286p. The situation provoked very little turnover: BAe was the most active of the protaganists yesterday with just 2.4m shares dealt.

Rolls-Royce firmed 2 to 185p as the market embraced the strategic strength of the company's $525m agreed purchase of Allison Engine, of the US. The deal gives R-R a significant stake in US aero-engine manufacture and, with Allison clawing back to a modest operating profit in the 1994 third quarter, London analysts warmed to its timing.

What Sir Ralph Robins, R-R's chairman, had to say about a possible share placing or rights issue next spring took some of the gloss off the occasion. But both NatWest Securities and Credit Lyonnais Laing see the deal as earnings enhancing, and expect Rolls' preferred financing route take shape through a one-for-six rights at 165p a share.

Shell Transport traded up 4 at 711p as the market responded to a company presentation at the City's Chiswell Street Brewery. Ms Irene Himona of SGST said the company gave a positive and reassuring performance and focused on hefty cost cutting.

Regional electricity group East Midlands attracted attention as traders started dealing in the company's new shares after the well signposted share consolidation took effect. The shares closed at 777p.

There was good buying in three of the smaller water companies which report interim figures this week. Yorkshire put on 10 to 549p, Welsh 5 to 668p and South West 2 to 503p. Dealers are looking to see if the three will follow Northumbrian, 723p xd, which reported a 16 per cent dividend increase. One market watcher said: "The three are likely to announce favourable payments. They are aware that the government's golden share expires at the end of this year and they may be vulnerable to takeovers."

Mobile communications group Vodafone remained weak ahead of today's interims, dipping 1¼ to 206p in turnover of 3.3m for a decline over the past five trading days of almost 6 per cent. Whispers about possible customer fraud provisions also hit the shares.

The half-time results are expected to be held in check by heavy overseas start-up costs which for the full year could get close to £60m, according to Hoare Govett. The brokers see interim profits of £180m.

High street banks suffered profit taking with Barclays sliding 13 to 590p, Lloyds 9 to 586p and National Westminster 8¼ to 523p.

Abbey National fell 7½ to 412p ahead of a quarterly trading update today.

British Land fell 12 to 383p, after a surprise announcement that the company is to buy the 51.5 per cent of Quantum Property fund it does not control from financier Mr George Soros.

Dealers were particularly concerned by the sharp increase in the company's gearing following the deal, given the current rates of interest.

Well-received figures from publisher Emap saw the shares improve 5 to 405p.

MARKET REPORTERS:
Peter John, Joel Kibazo, Jeffrey Brown.

■ Other statistics, Page 26

NEW HIGHS AND LOWS FOR 1994

NEW HIGHS (28).
GILTS (1) Treas. 8pc 2000, BUILDING & CNSTRN (1) Andrews Sykes, BLDG MATLS & MCHTS (1) Hewetson, DISTRIBUTORS (2) Middlesex, Tritest, ELECTRNC & ELECT EQUP (1) Magnum Power, ENGINEERING (5) Firth (GM), Hadleigh Inds., Lincat, Renold, VSEL Consortium, ENG. VEHICLES (1) Honda Motor, INVESTMENT TRUSTS (4) Brazilian Inv., JF Asia Select, Old Mutual SA, Sphere Zero Dv Prf., LEISURE & HOTELS (2) Northern Lea. Db 96/01, VCI, MEDIA (1) Southnews, OIL EXPLORATION & PROD (1) Int'l. Petroleum, OTHER SERVS & BUSNS (2) Fliclox, Greenway, PRTNG, PAPER & PACKG (1) Sappi, PROPERTY (2) Dunton House, Freeport Leisure, RETAILERS, GENERAL (1) Oliver, TRANSPORT (1) Applied Distribution, WATER (1) South Staffs Water.
NEW LOWS (71).
BANKS (1) Ottomane Bank, BREWERIES (1) Young Brew A, BUILDING & CNSTRN (4) Banner Homes, Boot (H), Countryside Props., Wimpey (G), BLDG MATLS & MCHTS (1) Meyer Int'l., DISTRIBUTORS (4) Alexanders, Central Motor Auctions, Headlam, Heritage, DIVERSIFIED INDLS (1) Staveley Inds., ELECTRNC & ELECT EQUP (2) Forward, Orbis, ENGINEERING (3) Ash & Lacy, Cooper (F), Prospect Inds., ENG. VEHICLES (1) Ingham, EXTRACTIVE INDS (1) Minorco, FOOD MANUF (1) Pascoe's, HEALTH CARE (2) Amersham Int'l., Eyecare Products, INSURANCE (1) Domestic & General, INVESTMENT TRUSTS (10) MEDIA (3) Barbour Index, Chime Communications, Midland Ind. News., OIL EXPLORATION & PROD (5) OTHER FINANCIAL (4) Brewin Dolphin, Hambro, Johnson Fry, Sharelink, PHARMACEUTICALS (1) Ransom (Wm.) 10p, PRTNG, PAPER & PACKG (2) Bemrose, Cropper (J), PROPERTY (2) MEPC, Tops Estates, RETAILERS, FOOD (2) Appleby Westward, Dairy Farm Int'l., RETAILERS, GENERAL (2) Essex Furniture, Signet, SUPPORT SERVS (4) CRT Group, Mitys, Penna, Warner Howard, TELECOMMUNICATIONS (1) Nippon T & T, TEXTILES & APPAREL (4) Baird (Wm.), PEX, Parkland, Slimma, TRANSPORT (1) Sea Containers B, AMERICANS (5) CANADIANS (2).

EQUITY FUTURES AND OPTIONS TRADING

Stock Index futures snoozed through much of the session on dull trading volume, unable to extract inspiration from lifeless cash markets in both London and New York, writes Jeffrey Brown.

Activity was very thin. Just 6,887 contracts were dealt during pit trading – down from 10,236 on Friday – and more than 1,000 of these stemmed from spread trading as investors rolled over into the March contract.

At the 4.10pm official close, the FT-SE 100 December contract was at 3,130, down 10 points. The premium to cash equities was around 10 points, three points more than fair value.

Traders said the market looked to have gone on hold ahead of the long Thanksgiving weekend in the US and with the UK Budget – due on November 29 – rapidly approaching.

The local, or independent, traders had the session largely to themselves and deal sizes shrank dramatically. The premium on the December contract narrowed to a couple of points on occasions, but there were few real attempts to lead the cash market lower.

Stock option volume was also slack, slipping to 21,653 lots, against 35,055 on Friday. FT-SE and Euro FT-SE trading accounted for less than 10,000 contracts dealt.

Hanson was the busiest stock option, with 1,492 lots, followed by BT and Lonrho.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	3139.0	3128.0	-12.0	3140.0	3120.0	7223	54206
Mar	3150.0	3144.0	-12.0	3150.0	3140.5	1122	5621
Jun	3163.5	3167.0	-10.0	3163.5	3163.5	5	145

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec		3580.0	-7.0			0	4155

■ FT-SE MID 250 INDEX FUTURES (OMLX) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	-	3585.0	-	-	-	-	0

All open interest figures are for previous day. † Exact volume shown.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3120) £10 per full index point

	2950 C	2950 P	3000 C	3000 P	3050 C	3050 P	3100 C	3100 P	3150 C	3150 P	3200 C	3200 P	3250 C	3250 P	3300 C	3300 P
Dec	183½	12½	162	20½	112	33	77½	50	50½	74	31	107½	17½	144½	9½	187½
Jan	223	35½	185½	48½	148	62	115½	81½	85	102	64	131	45½	163	32½	201
Feb	237	42	200½	55½	165	70	136	90½	108½	112	85	141	64½	171½	49	207½
Mar	245½	58½	208½	69	177½	87	148	108	121½	129	100½	159	79½	189½	62½	224½
Jun†			252	94			193	134			145	185			102	244

Calls 3,918 Puts 1,918

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	2975 C	2975 P	3025 C	3025 P	3075 C	3075 P	3125 C	3125 P	3175 C	3175 P	3225 C	3225 P	3275 C	3275 P	3325 C	3325 P
Dec	189	17	128½	27	94½	41½	64	61	40	87	23	119½	12	158½	5	201
Jan	194½	35	158½	49	126½	66	98½	87½	74½	113	55	143	39½	177	27½	214½
Feb			181½	60½			122½	100			78	153½			46	220½
Mar			191	74½			131½	113			85	164½			52½	239½
Jun†			238	101			180½	140			132	188			92½	245

Calls 658 Puts 2,487 * Underlying index value. Premiums shown are based on settlement prices.
† Long dated expiry months.

■ EURO STYLE FT-SE MID 250 INDEX OPTION (OMLX) £10 per full index point

	3400	3450	3500	3550	3600	3650	3700	3750
Dec				87½ 49½	61½ 73	41½ 102½		

Calls 0 Puts 0 Settlement prices and volumes are taken at 4.30pm.

TRADING VOLUME

■ Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change
3i†	85	332	
ASDA Group†	1,400	65¾	
Abbey National†	1,800	412	-7½
Albert Fisher	327	43	+1
Allied Domecq†	5,100	583	-12½
Anglian Water	126	503	-2
Argos	149	351	
Argyll Group†	3,200	289	-2
Arjo Wiggins†	1,400	261	
Assoc. Brit. Foods†	66	571	-3
Assoc. Brit. Ports	442	282	+2
BAA†	1,000	506	+1
BAT Inds.†	3,900	481	-3
BET	3,600	108	+1
BICC	176	350	
BOC†	475	711	-½
BP†	4,200	422½	-3
BPB Inds.	60	310	
BT†	5,000	388	-3½
BTR†	5,600	300	-5
Bank of Scotland†	801	215	-1
Barclays†	3,600	590	-13
Bass†	573	533	-3
Blue Circle†	3,100	311	
Booker	939	413	+1
Boots†	532	514	+2
Bowater†	903	463	+4
Brit. Aerospace†	2,400	442	-4
British Airways†	1,700	383	-3
British Gas†	2,600	300	-½
British Land	1,000	383	-12
British Steel†	4,900	155	+1½
Bunzl	1,100	167	
Burmah Castrol†	209	847	-2
Burton	1,500	72	+½
Cable & Wire†	1,100	397	+½
Cadbury Schweppes†	3,200	445	+2
Caradon†	479	285	-1
Carlton Comms.†	1,100	896	+5½
Coats Viyella	841	203	+1½
Comm. Union†	880	528	-4
Cookson	178	245	
Courtaulds†	403	445	-4
Dalgety	17	424	
De La Rue†	508	1013	+4
Dixons	1,200	188½	
Eastern Elect.†	666	806	
East Midland Elect.	144	777	-4¾
Electrocomps	695	472	+1¾
Eng China Clays	398	364	+6
Enterprise Oil†	84	378	-2
Eurotunnel Units	585	259	
FKI	770	164	-2
Fisons	3,700	126	-4
Foreign & Col. I.T.	320	136	-½
Forte†	370	232½	
Gen. Accident†	1,000	564	-7
General Elect.†	674	286	-1½
Glaxo†	3,700	626	+13½
Glynwed	220	340	-5
Granada†	3,000	526	
Grand Met.†	2,800	405	-3
GUS†	1,100	567	+2½
GRE†	2,200	194	-1½
GKN†	221	631	-5
Guinness†	2,800	464	-2
HSBC (75p shs)†	1,200	756	-1½
Hammerson	348	340	-1
Hanson†	12,000	237	+4
Harrisons Crosfield	953	162	
Hays	479	281	
Hillsdown	844	174	-3
IMI	1,800	328	
ICI†	813	783	-5½
Inchcape†	370	445	-2
Johnson Matthey	92	574	
Kingfisher†	1,900	469	-5
Kwik Save	1,600	561	-2
Ladbroke†	2,200	165½	+1½
Land Securities†	975	588	-7
Laporte	167	718	-2
Legal & General†	91	430	-6
Lloyds Abbey	180	337	-2
Lloyds Bank†	1,300	588	-9
LASMO	904	149	+1
London Elect.	532	713	-6
Lonrho	12,000	162½	-1
Lucas	2,900	206	-3
MEPC†	1,600	401	-2
[illegible]			

LONDON EQUITIES

FT - SE Actuaries Share Indices — The UK Series

	Nov 21	Day's chge%	Nov 18	Nov 17	Nov 16	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. yld	Total Return
FT-SE 100	3121.0	-0.3	3131.0	3127.5	3146.5	3070.6	4.11	7.03	16.78	116.23	1188.30
FT-SE Mid 250	3569.5	-0.2	3575.6	3576.6	3582.6	3435.4	3.50	5.76	20.92	122.22	1337.88
FT-SE Mid 250 ex Inv Trusts	3570.5	-0.2	3576.3	3577.0	3583.3	3435.4	3.65	6.24	19.47	127.35	1335.75
FT-SE-A 350	1565.5	-0.3	1570.0	1568.7	1576.7	1532.7	3.97	6.74	17.58	57.25	1217.46
FT-SE SmallCap	1788.16	-0.1	1790.16	1789.36	1786.87	1745.53	3.31	4.99	25.33	52.08	1393.57
FT-SE SmallCap ex Inv Trusts	1754.63	-0.1	1756.71	1755.65	1752.94	1724.88	3.52	5.55	23.05	53.95	1371.30
FT-SE-A ALL-SHARE	1550.01	-0.3	1554.22	1553.02	1560.20	1517.41	3.92	6.62	17.97	55.91	1226.00

■ FT-SE Actuaries All-Share

	Nov 21	Day's chge%	Nov 18	Nov 17	Nov 16	Year ago	Div. yield%	Earn yield%	P/E ratio	Xd adj. yld	Total Return
10 MINERAL EXTRACTION(18)	2708.10	-0.1	2711.76	2709.20	2722.02	2381.00	3.48	5.05	25.03	89.83	1093.31
12 Extractive Industries(4)	3870.62	-0.3	3882.69	3839.70	3865.47	3135.50	3.32	5.30	23.33	96.62	1058.07
15 Oil, Integrated(3)	2673.72	-0.1	2676.70	2680.55	2693.20	2355.40	3.64	5.62	22.16	96.44	1104.14
16 Oil Exploration & Prod(11)	1878.92	....	1878.56	1873.10	1873.79	1880.30	2.21	‡	‡	38.03	1087.11
20 GEN MANUFACTURERS(267)	1897.49	-0.1	1899.27	1894.49	1907.46	1879.90	4.07	5.18	23.36	70.99	972.26
21 Building & Construction(33)	1041.03	....	1041.26	1040.87	1057.60	1128.00	3.81	5.39	24.44	36.57	820.72
[illegible]											

■ Hourly movements

[illegible]

■ FT-SE Actuaries 350 Industry baskets

[illegible]

LIFFE EQUITY OPTIONS

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Allied Domecq	550	38	48½	58½	7	14	24
(*583)	600	10	22	30	31½	38	50
Argyll	250	16	23½	29	7	13½	19½
[illegible]							

Option		Calls Nov	Calls Feb	Calls May	Puts Nov	Puts Feb	Puts May
Hanson	220	16	19	22½	–	4	8
(*238)	240	1	8	12	4½	13	17½
Lasmo	134	15	–	–	½	–	–
[illegible]							

FT GOLD MINES INDEX

[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	32	6	33
Other Fixed Interest	13	0	1
Mineral Extraction	43	73	80
General Manufacturers	122	130	377
Consumer Goods	31	45	111
Services	82	79	331
Utilities	11	22	10
Financials	46	138	180
Investment Trusts	57	88	320
Others	16	63	38
Totals	453	644	1481

Data based on those companies listed on the London Share Service.

TRADITIONAL OPTIONS

First Dealings	November 21	Expiry	February 23
Last Dealings	December 2	Settlement	March 9

Calls: Anglo Eastern, Black Arrow, Monarch Res, Ovoca Res, Smurfit (J), Tullow Oil, Wilshaw. Puts: Brit Aerospace, Ovoca Res, Tullow Oil. Puts & Calls: Wellcome.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1994 High	1994 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
-	F.P.	0.82	6½	4	APTA Wrnts.	6		–	–	–	–
-	F.P.	17.4	88	70	Abtrust Latin Am	87		–	–	–	–
-	F.P.	2.08	63	51	Do Warrants	52		–	–	–	–
-	F.P.	11.5	190	180	¶Adare Prntg	190	+4	Q26%	8.1	1.4	11.1
100	F.P.	68.8	93	85½	BZW Commodities	88		–	–	–	–
-	F.P.	8.10	47	39	Do. Wrts	39		–	–	–	–
-	F.P.	51.8	104	85	¶Calluna	96	-3	–	–	–	–
280	F.P.	30.3	287	280	Churchill China	285		RN8.88	2.2	4.3	13.0
63	F.P.	12.1	68	65	Ennemix	66		RN0.71	5.3	1.4	8.2
-	F.P.	491.0	495	491	Fidelity Spec Units	491		–	–	–	–
-	F.P.	72.6	176	108	Filtronic C'tek	173	+5	RN0.75	2.6	0.5	58.2
100	F.P.	11.1	101	100	Finsbury Smlr C	101		–	–	–	–
100	F.P.	29.0	102	101	For & Col Emrg C	101		–	–	–	–
-	F.P.	1.91	35	22	Group Dv Cap Wts	23		–	–	–	–
-	F.P.	28.0	62	56	Hambros Sm Asian	56		–	–	–	–
-	F.P.	2.70	30	27	Do Warrants	27		–	–	–	–
100	F.P.	30.3	102	98	Hoare Govett 1000	101		–	–	–	–
-	F.P.	29.7	100	90	INVESCO Korea C	99		–	–	–	–
180	F.P.	167.5	223	205	Irish Permanent	220		uN9.0	2.9	5.5	7.7
215	F.P.	69.3	232	229	JJB Sports	231	+1	RN6.0	2.4	3.2	14.1
-	F.P.	50.1	493	475	Prolific Inc A/L	484	-1	–	–	–	–
120	F.P.	61.5	125	120	SeaPerfect	125		–	–	–	–
135	F.P.	62.7	156	136	Servisair	156	+1	RN3.8	1.3	3.0	25.3
115	F.P.	224.4	126	117	TLG	126		WN3.5	2.0	3.5	18.1
170	F.P.	19.7	173	167	Tele-Cine Cell	167	-1	RN5.44	2.2	4.1	11.8
-	F.P.	8.01	62	57	Whitchurch	60		RN1.25	3.0	2.6	12.5

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun. date	1994 High	1994 Low	Stock	Closing price p	+or-
77	Nil	30/12	3pm	2pm	Apollo Metals	2pm	
310	Nil	20/12	41pm	18pm	Kenwood Appl	25pm	
27	Nil	28/11	3½pm	2½pm	Martin Intl	3pm	
85	Nil	23/12	15pm	10pm	Pressac	10pm	

FINANCIAL TIMES EQUITY INDICES

	Nov 21	Nov 18	Nov 17	Nov 16	Nov 15	Yr ago	*High	*Low
Ordinary Share	2399.8	2407.0	2406.7	2418.8	2409.4	2238.2	2713.6	2240.6
Ord. div. yield	4.33	4.32	4.32	4.28	4.29	4.00	4.51	3.43
Earn. yld. % full	6.35	6.33	6.33	6.20	6.23	4.67	6.51	3.82
P/E ratio net	18.18	18.24	18.23	18.64	18.56	26.78	33.43	16.94
P/E ratio nil	17.80	17.86	17.85	18.18	18.11	24.84	30.80	17.09
[illegible]								

LONDON SHARE SERVICE

BANKS

	Notes	Price	+ or -	1994 high	low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl	□	£22⅞	-⅛	£25⅞	£19⅞	9,909	5.0	ϕ
ANZ A$		179	-1	276¼	171	2,382	6.4	26.3
Abbey National	†N□	412	-7½	523	380½	5,405	4.7	13.8
Allied Irish I£	♣†N□	298	-3	314	233	1,663	5.1	9.5
Anglo Irish I£	M□	65	+1	*70	50	192.7	7.7	10.2
Asahi Y	□	874¼	+11	919¼	628	15,648	0.7	ϕ
Banco Bil Viz Pta	□	£16⅞	-⅛	£19⅞	£14⅛	3,908	5.0	7.5
Banco Sant Pta		927⅞	—	*£30½	£23¾	4,094	5.3	9.5
Bk Ireland I£	♣†N□	280xd	+¼	*319	246	1,366	5.0	8.3
Bank Scotland	♣†N□	235xd	-1	247	172½	2,511	3.1	12.1
9¾pc Pf		109¼xd	—	141½	106	109.2	10.7	–
9¼pc Pf		113½xd	—	149½	111¼	113.5	10.7	–
Barclays	♣†N□	590	-13	640	487	9,617	3.5	18.2
Dai Ichi Kan Y	□	£11⅞	+⅛	£12⅞	£10⅞	34,458	0.5	–
Deutsche DM	□	£310⅞	+⅞	£344¼	£270⅞	14,789	2.2	–
Espirito Santo	□	£9⅞	-⅛	*£13⅛	£7⅞	194.1	4.4	4.3
First Nat Fin	N□	66	—	*90	60	111.4	2.8	–
6.3pc Cv Pf		72	—	*90	70	4.84	10.9	–
7pc Cv Pf		123	—	171	123	58.4	7.1	–
Fuji Bank Y	□	1273¼	-7	1649¼	1152½	36,992	0.4	ϕ
HSBC HK	†N□	755	-1½	1133	660	13,242	4.1	10.9
HSBC (75p Shs)	†N□	755	-1½	1113	660	6,425	4.1	10.9
Lloyds	†N□	586	-6	680	519	7,800	4.9	11.5
Mitsubishi Y	□	£14⅛	-⅛	£18⅞	£13⅞	40,699	0.4	ϕ
Mits Tst & Bk Y	□	935¼	+1¾	1192¼	687½	16,259	0.6	13.3
Mitsui Tst & Bk Y	□	648¼	-8½	679	514	7,767	0.8	21.4
Nat Aust A$		506	-2	629¼	472	6,800	7.1	ϕ
NatWest	†N□	503	-6½	622	421	8,948	4.6	9.7
Ottomane FFr		221	-¼	233	221	105.0	6.9	ϕ
Ryl Bk Scotland	♣†N□	452	-5	528	377½	3,620	3.3	20.4
Sakura Y	□	28⅛	-⅛	£31⅞	28⅛	27,721	0.7	50.6
Sanwa Y	□	£12⅞	-⅛	£15⅞	£11⅞	35,382	0.5	–
Standard Chartd	†N□	298	-3	*369¼	223	2,757	2.8	9.8
7 3/8pc Prf		86	-¼	108½	82¼	88.0	10.7	–
Sumitomo Y	□	£11⅛	-⅛	£16⅞	£10⅞	35,019	0.5	23.3
Sumitomo Tst Y	□	797¼	-17¾	1148½	625	9,916	0.7	ϕ
TSB	†N□	227	-3½	291	197	3,475	4.4	11.4
Tokai Y	□	27¼	-⅛	99	26⅞	14,746	0.8	44.4
Toyo Tst & Bk Y	□	641¾	-13¾	852	580¼	5,044	0.8	55.5
Westpac A$		200¼	+1	280	194	3,643	2.7	ϕ
Yasuda Tst Bk Y	♣□	609½	+2	658	442	5,585	1.0	43.8

CHEMICALS

DISTRIBUTORS

BREWERIES

BUILDING & CONSTRUCTION

DIVERSIFIED INDUSTRIALS

BUILDING MATS. & MERCHANTS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

EXTRACTIVE INDUSTRIES - Cont.

FOOD MANUFACTURERS

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Cont.

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

	Notes	Price	+ or -	1994 High	1994 low	Yld Gr's	NAV	Dis or Pm(-)
Perpetual Japan	□	89½	-1½	120	89	-	95.5	-4.0
Warrants	□	44	-1	88	43	-	-	-
Personal Assets		237		254	179	2.8	802.1	1.2
Pilot Inv	‡N□	127xd	+½	153	124	1.5	125.5	-1.2
Warrants	□	44	+½	69	40½	-	-	-
Piper Euro Smlr	□	92		98	91	-	89.7	-2.5
Warrants	□	43		43	33	-	-	-
Primadona	N	273		283	261	2.1	296.8	8.0
Ptarmigan Inc.	‡N	227		278	206	1.9	240.8	5.7
Warrants		82		140	78	-	-	-
RIT Capital	‡N□	183		189	164½	1.8	223.8	18.2
2½pc Cv Ln 2000		£181½		£188½	£170½	1.4	-	-
Radiotrust		78		88	69	-	70.9	1.3
Rights & Iss Inc	KN	155		184	153	7.3	-	-
Cap	N	498xd	+10¼	545	440	2.2	543.7	9.9
Riv & Merc Am Inc	N	104		121	104	8.5	-	-
Cap	□	29		38	29	-	40.0	27.5
Warrants		12½	-½	17	12½	-	-	-
Riv & Mer Ext	FN□	94xd		147	91	10.4	100.9	6.8
Warrants		17		49	14	-	-	-
Zero Div Pf		110½		118½	108	-	-	-
Riv & Mer Geared	N	85xd		116	85	11.1	-	-
Prfd Cap 1999		27		35	23	-	33.8	20.1
Riv & Merc Smlr	N□	125		170	118	4.1	134.2	6.9
Warrants		35		77	31	-	-	-
Riv & Merc Tst Inc	N□	113½		127	112	10.3	-	-
Cap	□	122		150	118	-	190.5	36.0
Warrants		23		40	22	-	-	-
Do. Stpd Prf	N	151	-½	163	144	4.9	-	-
River Plate Inc	N□	108		113	106	10.3	-	-
Cap	□	75		118	74	-	123.2	39.1
Warrants		2		11	2	-	-	-
Zero Div Pf		87		87	83¾	-	-	-
St Andrew	KN	308		363	290	3.2	318.6	3.2

[illegible]

OTHER INVESTMENT TRUSTS

[illegible]

INVESTMENT COMPANIES

[illegible]

LEISURE & HOTELS

[illegible]

LEISURE & HOTELS - Cont.

[illegible]

LIFE ASSURANCE

[illegible]

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

OIL EXPLORATION & PRODUCTION

[illegible]

OIL EXPLORATION & PRODUCTION - Cont.

[illegible]

OIL, INTEGRATED

[illegible]

OTHER FINANCIAL

[illegible]

OTHER SERVICES & BUSINESSES

[illegible]

PHARMACEUTICALS

[illegible]

PRINTING, PAPER & PACKAGING

[illegible]

PROPERTY

[illegible]

PROPERTY - Cont.

[illegible]

RETAILERS, FOOD

[illegible]

RETAILERS, GENERAL

[illegible]

RETAILERS, GENERAL - Cont.

[illegible]

SPIRITS, WINES & CIDERS

[illegible]

SUPPORT SERVICES

[illegible]

TELECOMMUNICATIONS

[illegible]

TEXTILES & APPAREL

[illegible]

TOBACCO

[illegible]

TRANSPORT

[illegible]

TRANSPORT - Cont.

[illegible]

WATER

[illegible]

AMERICANS

[illegible]

CANADIANS

	Notes	Price	+ or -	1994 high	1994 low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								
TVX Gold	♥	437½p	-11¼	490½p	338½p	682.7	-	
Toronto-Dom		9⅜	-⅛	11⅛	9⅛	2,810	4.0	
Trans Can Pipe	♥	8	-⅛	10⅝	7⅜	1,447	4.9	

SOUTH AFRICANS

	Notes	Price	+ or -	1994 high	1994 low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£32		£32	£19½	2,088	2.3	23.5
Barlow	♣	£5⅝		£5⅞	£3⅞	1,041	1.9	Φ
Gold Flds Prop R		118xd		128	75	12.1	7.9	Φ
MK Props		88		98	85	3.94	12.3	-
SASOL	♥	534		582	380	3,128	2.6	-
SA Brews	†	£15⅜xd		£16⅞	£10	4,268	1.9	23.8
Tiger Oats		750	+37	836	538	1,127	2.0	Φ
Tongaat-Hulett	†b	725		*725	356¼	680.8	2.0	21.0

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- Φ Figures or report awaited
- ♥ Rule 2.1(a)(iv) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Rule 4.2(a) UK & Irish incorporated non-listed companies.
- ‡ Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on IMR 'Headline Earnings'
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualise yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xi ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Please quote the code FT7030. Ring 081-770 0770 (open 24 hours including weekends) or Fax 081-770 3822. If calling from outside the UK, ring +44 81 770 0770 or fax +44 81 770 3822. Reports will be sent the next working day, subject to availability.

FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An international service is available for callers outside the UK, annual subscription £250 stg.

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	Selling Price	Buying Price	+ or -	Yield Gross
Credis Investment Funds - Contd.				
Murray Universal, Sicav				
American Port Nov 3	$35.42	37.19	—	—
NICAM Asia Pacific Umbrella Fund				
Nikko Asia Convertible Bond Fund				
Nikko Bank (Luxembourg) S.A.				
Nomura Asian Infrastructure Fd SICAV				
NAV	$22.11		-0.18	
Nomura Rosenberg Alpha Fund Mark II				
Pacific Basin Growth Fund				
CMI Insurance Co Ltd - Contd.				
Century Life International				

OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

هكذا من الأصل

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Money Funds

Pembroke Hall, Pembroke, Bermuda

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

Lazard Freres Asset Management (CI) Ltd

PO Box 270, St Peter Port, Guernsey, CI 0481 710461

Lazard Fund Mngrs (Channel Islands) Ltd

PO Box 270, St Peter Port, Guernsey, CI 0481 710461

Lloyds Intl Money Market Fund Ltd

Lloyds Bank Fund Managers (Guernsey) Ltd

M & G (Guernsey) Ltd

[illegible]

GUERNSEY (REGULATED)(**)

[illegible]

IRELAND (SIB RECOGNISED)

[illegible]

IRELAND (REGULATED)(**)

[illegible]

ISLE OF MAN (SIB RECOGNISED)

[illegible]

ISLE OF MAN (REGULATED)(**)

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

JERSEY (REGULATED)(**)

[illegible]

LUXEMBOURG (SIB RECOGNISED)

[illegible]

LUXEMBOURG (REGULATED)(**)

[illegible]

CURRENCIES AND MONEY

MARKETS REPORT

Pound gets lift from Bank governor's comments

Sterling rallied against the D-Mark in early trading yesterday, on the back of comments by Mr Eddie George, the Bank of England governor, *writes Philip Coggan*.

Although the pound weakened in the afternoon, it still finished in London at DM2.4452, up from Friday's close of DM2.4379.

Speaking in Dubai, Mr George said that UK interest rates would have to be increased if the economy did not start to slow down of its own accord. The UK's gross domestic product grew at 4.2 per cent in the year to the third quarter, according to figures released on Friday.

Mr George's comments revived expectations of an early UK interest rate rise, which had dwindled last week on the back of low inflation data and weaker-than-expected retail sales statistics. Short sterling futures lost some of their recent gains, with the March contract falling six basis points to 92.95.

The pound did not make any progress against the dollar, ending the day at $1.5681, from Friday's $1.5690. But on a trade-weighted basis, sterling edged up to 79.9 from 79.7.

■ Yesterday's modest strength follows the pound's continued weakness during November. Mr Mark Geddes, treasury economist at Midland Global Markets, said: "There was a big build-up in sterling positions in advance of the last Clarke/George meeting but expectations of a rate rise were disappointed." In his view: "An over-exaggerated move in the market has been corrected."

Mr Tony Norfield, UK Treasury economist at ABN-AMRO Bank, says that since the interest rate differential between the UK and US has disappeared, sterling has dropped from $1.64 to $1.57. "The market is reluctant to believe that UK/US interest rates can drop to parity and sterling can remain stable," he added.

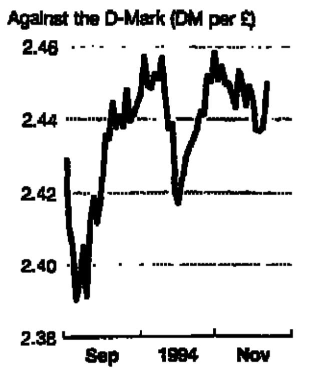
■ The US dollar edged up against the D-Mark but slipped slightly against the yen, in what is expected to be a quiet trading week ahead of the thanksgiving holidays. The only significant US economic statistic will be Wednesday's publication of durable goods orders for October.

In London, the US currency closed at DM1.5594, against DM1.5539 on Friday and at Y98.375, from Y98.525.

The dollar has generally been much stronger against the D-Mark than the yen in recent weeks. On the cross-rate, the D-Mark fell yesterday to Y63.07, from Y63.40 on Friday, its lowest level for around two months.

Sterling

Against the D-Mark (DM per £)



Source: Datastream

"This DM weakness is an unwinding of the euphoria in October on the re-election of chancellor Helmut Kohl," said Mr Steve Hannah, head of research at IBJ International.

"Expectations remain strong that the German authorities will move to a variable rate repo when they meet on Thursday and this may keep the D-Mark subdued ahead of the meeting," said Midland's Mr Geddes. "Meanwhile, whenever the dollar rallies, we are seeing heavy sales for yen by Japanese exporters."

Mr Norfield thinks that "most people don't think the dollar is going to fall to DM1.50. Therefore, there is a bias to test the upside. Were the dollar to hit the DM1.58 level, that would be potentially decisive, since it would threaten to break out of a downtrend that had been in effect since January."

■ The Australian dollar reached its highest level since June 1992, climbing above 76 cents versus the US dollar. The Australian currency has been boosted this year by commodity prices, which firmed again last week and yesterday it gained on expectations of another interest rate rise. Australia already has "one of the highest real yields in the industrialised world", according to IBJ's Mr Hannah.

■ Both the Italian lira and Irish punt held up well in the face of political difficulties. The lira was unchanged against the D-Mark at L1,025 after a poor performance by prime minister Silvio Berlusconi's party in local elections.

And the punt was marginally higher at I£1.013 against sterling, from Friday's I£1.014, in the wake of Saturday's election of former finance minister Mr Bertie Ahern as leader of Fianna Fail.

■ The Bank of England gave the UK money markets help of just £52m at established rates, compared with a forecast shortage of £150m. Overnight rates moved within the range of 5.5 per cent to 2.5 per cent.

■ Pound in New York

Nov 21	Latest	Prev. close
£ spot	1.5685	1.5690
1 mth	1.5664	1.5680
3 mth	1.5663	1.5661
1 yr	1.5631	1.5633

■ OTHER CURRENCIES

Nov 21	£	$
Hungary	172.013 - 172.279	109.730 - 109.830
Iran	2742.00 - 2745.00	1748.00 - 1750.00
Kuwait	0.4681 - 0.4685	0.2986 - 0.2987
Poland	37225.4 - 37358.2	23785.0 - 23815.0
Russia	4988.10 - 4992.80	3181.00 - 3184.00
U.A.E.	5.7506 - 5.7624	3.6715 - 3.6735

POUND SPOT FORWARD AGAINST THE POUND

Nov 21		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	17.1981	+0.0377	887 - 075	17.2409	17.1288	17.1938	0.3	17.1819	0.4	-	-	115.2
Belgium	(BFr)	50.2772	+0.1414	416 - 128	50.4340	50.1150	50.2422	0.8	50.1672	0.9	49.7322	1.1	116.9
Denmark	(DKr)	9.5584	+0.0223	530 - 638	9.5847	9.5256	9.556	0.3	9.5707	-0.5	9.5503	0.1	116.7
Finland	(FM)	7.4759	+0.0179	657 - 861	7.5050	7.4400	-	-	-	-	-	-	88.4
France	(FFr)	8.3933	+0.0196	890 - 975	8.4098	8.3667	8.3914	0.3	8.3843	0.4	8.3249	0.8	109.6
Germany	(DM)	2.4452	+0.0073	442 - 462	2.4515	2.4357	2.444	0.6	2.4402	0.8	2.4085	1.5	125.9
Greece	(Dr)	376.109	+0.345	911 - 307	377.584	375.141	-	-	-	-	-	-	-
Ireland	(I£)	1.0130	-0.0017	123 - 136	1.0185	1.0114	1.0128	0.2	1.0124	0.2	1.0143	-0.1	105.1
Italy	(L)	2507.08	+7.58	550 - 866	2512.25	2497.29	2512.33	-2.5	2523.48	-2.6	2568.73	-2.5	74.1
Luxembourg	(LFr)	50.2772	+0.1414	416 - 128	50.4240	50.1150	50.2422	0.8	50.1672	0.9	49.7322	1.1	116.9
Netherlands	(Fl)	2.7404	+0.0084	391 - 416	2.7512	2.7303	2.7389	0.6	2.7351	0.8	2.7036	1.3	120.6
Norway	(NKr)	10.6937	+0.0201	879 - 994	10.7258	10.6267	10.6937	0.0	10.6954	-0.1	10.6943	0.0	85.5
Portugal	(Es)	249.281	+0.21	123 - 433	250.840	248.789	251.011	-8.3	254.191	-7.9	-	-	-
Spain	(Pta)	203.626	+0.627	522 - 730	204.046	202.626	203.951	-1.9	204.601	-1.9	207.486	-1.9	85.5
Sweden	(SKr)	11.5453	+0.0436	339 - 567	11.5636	11.4529	11.5643	-2.0	11.6068	-2.1	11.7513	-1.8	76.7
Switzerland	(SFr)	2.0719	+0.0079	708 - 729	2.0769	2.0645	2.0684	2.0	2.0611	2.1	2.0189	2.6	120.2
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	79.9
Ecu	-	1.2830	+0.0029	823 - 837	1.2857	1.2787	1.283	0.0	1.2831	0.0	1.2761	0.5	-
SDR†	-	0.933044	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5677	-0.0015	671 - 683	1.5692	1.5660	-	-	-	-	-	-	-
Brazil	(R)	1.3062	-0.0055	042 - 082	1.3094	1.3040	-	-	-	-	-	-	-
Canada	(C$)	2.1424	-0.0017	413 - 435	2.1444	2.1392	2.1414	0.6	2.1401	0.4	2.1387	0.2	86.6
Mexico	(New Peso)	5.4147	-0.0018	098 - 195	5.4200	5.4051	-	-	-	-	-	-	-
USA	($)	1.5681	-0.0009	676 - 686	1.5702	1.5643	1.5682	-0.1	1.5679	0.1	1.5641	0.3	62.6
Pacific/Middle East/Africa													
Australia	(A$)	2.0586	-0.0106	572 - 599	2.0737	2.0544	2.0607	-1.2	2.0635	-0.9	2.0774	-0.9	-
Hong Kong	(HK$)	12.1243	-0.006	196 - 289	12.1392	12.0955	12.1152	0.9	12.1109	0.4	12.0657	0.5	-
India	(Rs)	49.1874	-0.0286	678 - 070	49.2490	49.0760	-	-	-	-	-	-	-
Japan	(Y)	154.262	-0.319	174 - 350	154.910	154.160	153.797	3.6	152.812	3.8	147.697	4.3	191.0
Malaysia	(M$)	4.0262	+0.0003	245 - 279	4.0285	4.0171	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.5193	+0.0045	174 - 211	2.5213	2.5113	2.524	-2.2	2.5332	-2.2	2.5531	-1.3	-
Philippines	(Peso)	38.3402	+0.0107	359 - 444	38.8200	37.9320	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.8816	-0.0035	793 - 838	5.8893	5.8677	-	-	-	-	-	-	-
Singapore	(S$)	2.2993	-0.0058	978 - 008	2.3051	2.2971	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.5499	+0.0009	470 - 528	5.5567	5.5299	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	6.4481	-0.0181	303 - 658	6.4686	6.4300	-	-	-	-	-	-	-
South Korea	(Won)	1247.66	-0.99	718 - 814	1249.41	1244.71	-	-	-	-	-	-	-
Taiwan	(T$)	41.3716	+0.0957	549 - 883	41.4186	41.2748	-	-	-	-	-	-	-
Thailand	(Bt)	39.2260	-0.0135	978 - 542	39.5380	39.1480	-	-	-	-	-	-	-

†SDR rates for Nov 18. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100.Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Nov 21		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan Index
Europe													
Austria	(Sch)	10.9675	+0.03	650 - 700	11.0075	10.9350	10.96	0.8	10.9435	0.9	10.846	1.1	104.3
Belgium	(BFr)	32.0625	+0.1075	500 - 750	32.1600	31.9900	32.0435	0.7	31.9975	0.8	31.7975	0.8	105.9
Denmark	(DKr)	6.0955	+0.0175	940 - 970	6.1168	6.0802	6.0948	0.1	6.1005	-0.3	6.119	-0.4	105.0
Finland	(FM)	4.7675	+0.014	625 - 725	4.7909	4.7617	4.7648	0.7	4.7625	0.4	4.774	-0.1	82.7
France	(FFr)	5.3525	+0.0153	515 - 535	5.3685	5.3345	5.3517	0.2	5.3476	0.4	5.3225	0.6	106.1
Germany	(D)	1.5594	+0.0055	592 - 595	1.5653	1.5533	1.5587	0.5	1.5564	0.8	1.5389	1.3	108.9
Greece	(Dr)	239.850	+0.35	800 - 900	240.950	239.600	242.55	-13.5	247.9	-13.4	268.8	-12.0	68.3
Ireland	(I£)	1.5480	+0.0018	475 - 485	1.5506	1.5388	1.5482	-0.2	1.5487	-0.2	1.5443	0.2	-
Italy	(L)	1598.80	+5.7	830 - 930	1604.75	1593.75	1602.25	-2.6	1609.5	-2.7	1642.3	-2.7	74.6
Luxembourg	(LFr)	32.0625	+0.1075	500 - 750	32.1600	31.9900	32.0435	0.7	31.9975	0.8	31.7975	0.8	105.9
Netherlands	(Fl)	1.7476	+0.0063	473 - 478	1.7538	1.7412	1.7468	0.5	1.7445	0.7	1.7285	1.1	105.5
Norway	(NKr)	6.8195	+0.0165	180 - 210	6.8459	6.7820	6.8277	-1.5	6.8455	-1.5	6.872	-0.8	95.6
Portugal	(Es)	158.970	+0.22	920 - 020	160.230	158.900	159.545	-4.3	160.67	-4.3	164.22	-3.3	95.2
Spain	(Pta)	129.855	+0.47	830 - 880	130.320	129.350	130.07	-2.0	130.5	-2.0	132.655	-2.2	80.6
Sweden	(SKr)	7.3626	+0.0318	577 - 675	7.3818	7.3065	7.3738	-1.8	7.4006	-2.1	7.5178	-2.1	82.2
Switzerland	(SFr)	1.3213	+0.0058	210 - 215	1.3267	1.3165	1.3191	2.0	1.3145	2.0	1.2907	2.3	106.1
UK	(£)	1.5681	-0.0009	676 - 686	1.5702	1.5643	1.5682	-0.1	1.5679	0.1	1.5641	0.3	88.1
Ecu	-	1.2222	-0.0035	219 - 225	1.2255	1.2187	1.2222	0.0	1.2222	0.0	1.2257	-0.3	-
SDR†	-	1.46348	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9996	-0.0004	997 - 998	1.0002	0.9997	-	-	-	-	-	-	-
Brazil	(R)	0.8330	-0.003	320 - 340	0.8350	0.8320	-	-	-	-	-	-	-
Canada	(C$)	1.3663	-0.0003	660 - 665	1.3674	1.3655	1.366	0.2	1.3657	0.2	1.3708	-0.3	83.2
Mexico	(New Peso)	3.4530	+0.0007	510 - 550	3.4550	3.4510	3.454	-0.3	3.4558	-0.3	3.4632	-0.3	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	88.1
Pacific/Middle East/Africa													
Australia	(A$)	1.3128	-0.0061	123 - 132	1.3210	1.3107	1.3136	-0.7	1.3154	-0.8	1.3281	-1.2	88.9
Hong Kong	(HK$)	7.7318	+0.0003	313 - 323	7.7323	7.7310	7.7298	0.3	7.7286	0.2	7.7363	-0.1	-
India	(Rs)	31.3675	-0.0013	650 - 700	31.3700	31.3650	31.4375	-2.7	31.5825	-2.7	-	-	-
Japan	(Y)	98.3750	-0.15	500 - 000	98.7700	98.3500	98.085	3.5	97.465	3.7	94.43	4.0	150.9
Malaysia	(M$)	2.5676	+0.0016	673 - 678	2.5678	2.5660	2.5645	1.4	2.5601	1.2	2.5881	-0.8	-
New Zealand	(NZ$)	1.6066	+0.0038	059 - 072	1.6072	1.6048	1.6076	-0.7	1.61	-0.8	1.619	-0.8	-
Philippines	(Peso)	24.4500	+0.02	000 - 000	24.7000	24.2000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7508	-0.0002	505 - 510	3.7510	3.7505	3.7544	-1.1	3.7613	-1.1	3.7758	-0.7	-
Singapore	(S$)	1.4663	-0.0029	658 - 668	1.4693	1.4658	1.4648	1.3	1.4613	1.4	1.4448	1.5	-
S Africa (Com.)	(R)	3.5393	+0.0025	385 - 400	3.5495	3.5315	3.5548	-5.3	3.5869	-5.4	3.7518	-6.0	-
S Africa (Fin.)	(R)	4.1120	-0.01	020 - 220	4.1220	4.1020	4.14	-8.2	4.1845	-7.1	4.422	-7.5	-
South Korea	(Won)	795.650	-0.2	600 - 700	795.900	795.600	798.65	-4.5	802.15	-3.3	820.65	-3.1	-
Taiwan	(T$)	26.3833	+0.0753	810 - 855	26.3880	26.3750	26.4033	-0.9	26.4433	-0.9	-	-	-
Thailand	(Bt)	25.0150	+0.005	050 - 250	25.1900	25.0050	25.0445	-1.4	25.1355	-1.9	25.54	-2.1	-

†SDR rate for Nov 18. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Nov 18. Base average 1990=100

WORLD INTEREST RATES

MONEY RATES

November 21	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	4¾	4⅞	5⅛	5½	6⅛	7.40	4.50	-
week ago	4¾	4⅞	5⅜	5½	6¼	7.40	4.50	-
France	5⅛	5⅝	5¾	5⅞	6¾	5.00	-	6.75
week ago	5⅛	5⅞	5¾	5⅞	6⅝	5.00	-	6.75
Germany	4.95	4.95	5.15	5.25	5.65	6.00	4.50	4.85
week ago	4.93	4.95	5.15	5.25	5.60	6.00	4.50	4.86
Ireland	5¼	5⅝	5¾	6⅛	7⅛	-	-	6.25
week ago	5¼	5⅝	5¾	6⅛	7⅛	-	-	6.25
Italy	8⅝	8⅝	8¾	9	9⅝	-	7.50	8.20
week ago	8⅝	8⅝	8⅝	9	9⅝	-	7.50	8.20
Netherlands	4.84	5.04	5.24	5.37	5.78	-	5.25	-
week ago	4.84	5.04	5.25	5.38	5.75	-	5.25	-
Switzerland	3	3¾	3⅞	4⅛	4½	6.625	3.50	-
week ago	3⅜	3¾	3⅞	4⅛	4½	6.625	3.50	-
US	5⅞	5⅞	5⅞	6¼	6¾	-	4.75	-
week ago	4⅞	5⅝	5¾	6⅛	6⅝	-	4.00	-
Japan	2⅛	2¼	2⅛	2⅞	2⅝	-	1.75	-
week ago	2¼	2¼	2¼	2⅞	2¾	-	1.75	-
■ $ LIBOR FT London								
Interbank Fixing	-	5¾	6	6⅛	6⅝	-	-	-
week ago	-	5¾	5⅞	6¼	6¾	-	-	-
US Dollar CDs	-	5.48	5.74	6.09	6.74	-	-	-
week ago	-	5.48	5.52	5.89	6.54	-	-	-
SDR Linked Ds	-	3¾	3⅞	3¾	4	-	-	-
week ago	-	3¾	3⅞	3¾	4	-	-	-

ECU Linked Ds mid rates: 1 mth: 5⅝; 3 mths: 5⅞; 6 mths: 6¼; 1 year: 6¾. $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Nov 21	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	4 13/32 - 4 11/32	4 13/32 - 4 11/32	4 13/32 - 4 11/32	5¼ - 5⅛	5½ - 5⅜	6⅛ - 6
Danish Krone	5⅝ - 5½	5¾ - 5½	5⅝ - 5½	6¼ - 6	6⅝ - 6⅜	7¼ - 7
D-Mark	4 15/16 - 4 13/16	5 - 4⅞	5 1/16 - 4 15/16	5 3/16 - 5 1/16	5⅜ - 5¼	5⅝ - 5½
Dutch Guilder	5 - 4 13/16	5 1/16 - 4 15/16	5¼ - 5⅛	5¼ - 5⅛	5⅝ - 5½	5 15/16 - 5 13/16
French Franc	5⅜ - 5¼	5 7/16 - 5 5/16	5 7/16 - 5 5/16	5⅝ - 5½	5⅞ - 5¾	6⅝ - 6½
Portuguese Esc.	9 - 8⅞	9⅛ - 8⅞	9½ - 9¼	10 1/16 - 9 15/16	10 7/16 - 10 5/16	10⅞ - 10¾
Spanish Peseta	7½ - 7 5/16	7½ - 7 5/16	7 9/16 - 7 7/16	7 15/16 - 7 13/16	8⅜ - 8¼	9⅛ - 9
Sterling	5½ - 5¼	5 7/16 - 5 5/16	5 13/16 - 5⅝	6⅛ - 6	6½ - 6⅜	7 5/16 - 7 3/16
Swiss Franc	3 9/16 - 3 7/16	3 9/16 - 3 7/16	3⅝ - 3½	3 15/16 - 3 13/16	4⅛ - 4	4½ - 4⅜
Can. Dollar	5⅛ - 4 15/16	5⅝ - 5⅜	5⅜ - 5¼	5¾ - 5⅝	6⅜ - 6¼	7 3/16 - 7 1/16
US Dollar	5½ - 5⅜	5 9/16 - 5 7/16	5⅝ - 5½	6 - 5⅞	6 5/16 - 6 3/16	6 13/16 - 6 11/16
Italian Lira	8 - 7½	8 7/16 - 8 5/16	8 7/16 - 8 5/16	8⅝ - 8½	9 1/16 - 8 15/16	9⅝ - 9½
Yen	2¼ - 2⅛	2 3/16 - 2 1/16	2 3/16 - 2 1/16	2⅜ - 2¼	2½ - 2⅜	2⅞ - 2¾
Asian $Sing	2⅞ - 2¾	3 1/16 - 2 15/16	3¼ - 3⅛	3½ - 3⅜	3¾ - 3⅝	4⅛ - 4

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	94.32	94.34	+0.03	94.34	94.31	9,375	49,268
Mar	93.88	93.96	+0.09	93.97	93.88	19,929	38,034
Jun	93.49	93.53	+0.06	93.54	93.49	4,400	30,076
Sep	93.16	93.20	+0.06	93.20	93.16	2,108	20,434

■ THREE MONTH EURODOLLAR (LIFFE)* $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec		93.88	-			0	2888
Mar		93.29	-			0	1454
Jun		92.71	-0.04			0	389
Sep		92.31	-0.07			0	177

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	94.84	94.83	-	94.84	94.82	4126	133478
Mar	94.66	94.64	+0.02	94.65	94.63	12067	181320
Jun	94.24	94.27	+0.04	94.28	94.24	10426	120290
Sep	93.86	93.88	+0.04	93.89	93.86	6612	84271

■ THREE MONTH EUROLIRA INT.RATE FUTURES (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	91.17	91.19	+0.03	91.20	91.16	1579	31364
Mar	90.58	90.57	+0.01	90.62	90.55	3116	34716
Jun	89.98	89.97	+0.01	90.01	89.97	714	16150
Sep	89.56	89.53	-	89.57	89.58	396	21319

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	96.01	96.00	-	96.02	95.99	2913	18298
Mar	95.71	95.70	-	95.72	95.69	1747	21050
Jun	95.39	95.37	-	95.39	95.37	156	5925
Sep	95.04	95.01	-0.01	95.04	95.01	84	3048

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	94.08	94.08	+0.01	94.09	94.08	579	8143
Mar	93.70	93.69	+0.01	93.72	93.68	471	7422
Jun	93.18	93.18	-	93.20	93.18	342	4166
Sep	92.68	92.68	-	92.71	92.68	220	2403

* LIFFE futures traded on APT

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Nov 21		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	19.01	16.70	4.864	2.015	4987	5.451	21.27	495.7	405.0	22.96	4.120	1.989	4.261	3.119	306.7	2.552
Denmark	(DKr)	52.59	10	8.781	2.558	1.060	2623	2.867	11.18	260.7	213.0	12.07	2.167	1.046	2.241	1.641	161.3	1.342
France	(FFr)	59.90	11.39	10	2.913	1.207	2987	3.265	12.74	296.9	242.6	13.75	2.468	1.191	2.552	1.868	183.7	1.529
Germany	(DM)	20.56	3.909	3.433	1	0.414	1025	1.121	4.372	101.9	83.27	4.720	0.847	0.409	0.876	0.641	63.07	0.525
Ireland	(I£)	49.62	9.435	8.285	2.414	1	2475	2.705	10.55	246.0	201.0	11.39	2.044	0.987	2.115	1.548	152.2	1.267
Italy	(L)	2.005	0.381	0.335	0.098	0.040	100.	0.109	0.426	9.940	8.121	0.460	0.083	0.040	0.085	0.063	6.151	0.051
Netherlands	(Fl)	18.35	3.488	3.063	0.892	0.370	915.0	1	3.901	90.95	74.31	4.212	0.756	0.365	0.782	0.572	56.28	0.468
Norway	(NKr)	47.03	8.941	7.851	2.287	0.948	2345	2.563	10	233.1	190.5	10.80	1.937	0.935	2.004	1.467	144.2	1.200
Portugal	(Es)	20.17	3.835	3.368	0.981	0.407	1006	1.100	4.290	100.	81.70	4.631	0.831	0.401	0.860	0.629	61.88	0.515
Spain	(Pta)	24.69	4.694	4.122	1.201	0.498	1231	1.346	5.250	122.4	100.	5.668	1.017	0.491	1.052	0.770	75.74	0.630
Sweden	(SKr)	43.56	8.282	7.273	2.119	0.878	2172	2.374	9.263	215.9	176.4	10	1.795	0.867	1.856	1.359	133.6	1.112
Switzerland	(SFr)	24.27	4.615	4.053	1.181	0.489	1211	1.323	5.162	120.3	98.31	5.572	1	0.483	1.034	0.757	74.46	0.620
UK	(£)	50.27	9.558	8.393	2.445	1.013	2507	2.740	10.69	249.2	203.6	11.54	2.071	1	2.142	1.568	154.2	1.283
Canada	(C$)	23.47	4.462	3.918	1.141	0.473	1170	1.279	4.991	116.3	95.05	5.387	0.967	0.467	1	0.732	71.99	0.599
US	($)	32.06	6.096	5.353	1.559	0.646	1599	1.747	6.818	158.9	129.8	7.360	1.321	0.638	1.366	1	98.34	0.818
Japan	(Y)	32.60	6.198	5.443	1.586	0.657	1626	1.777	6.933	161.6	132.0	7.484	1.343	0.649	1.389	1.017	100.	0.832
Ecu		39.18	7.450	6.542	1.906	0.790	1954	2.136	8.332	194.2	158.7	8.995	1.614	0.779	1.670	1.222	120.2	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.6440	0.6414	-0.0016	0.6443	0.6398	33,500	94,489
Mar	0.6419	0.6426	-0.0017	0.6431	0.6419	626	8,126
Jun	-	0.6466	-	-	-	20	1,333

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	1.0168	1.0181	+0.0008	1.0184	1.0150	25,659	73,802
Mar	1.0260	1.0269	+0.0007	1.0270	1.0245	1,062	9,440
Jun	-	1.0373	-	-	-	13	827

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.7597	0.7575	-0.0012	0.7611	0.7552	22,327	53,102
Mar	0.7613	0.7608	-0.0016	0.7619	0.7607	1,029	3,336
Jun	0.7660	0.7660	-0.0010	0.7665	0.7660	10	284

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	1.5658	1.5678	+0.0012	1.5700	1.5646	10,126	47,722
Mar	1.5654	1.5680	+0.0014	1.5694	1.5654	826	1,421
Jun	-	1.5690	-	1.5690	-	4	20

UK INTEREST RATES

LONDON MONEY RATES

Nov 21	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	5½ - 2½	5⅜ - 5⅛	5 11/16 - 5 9/16	6 1/16 - 5⅞	6 7/16 - 6⅜	7 5/16 - 7 3/16
Sterling CDs	-	-	5½ - 5 7/16	5 15/16 - 5 13/16	6⅜ - 6 5/16	7 1/16 - 7
Treasury Bills	-	-	5 7/16 - 5⅜	5 13/16 - 5¾	-	-
Bank Bills	-	-	5 15/32 - 5⅜	5 13/16 - 5 13/32	6 3/16 - 6 3/16	-
Local authority deps.	4 13/16 - 4 11/16	5 1/16 - 4 15/16	5⅝ - 5 7/16	6 - 5⅞	6 7/16 - 6 5/16	7 3/16 - 7 1/16
Discount Market deps	4¼ - 4	5⅛ - 5	-	-	-	-

UK clearing bank base lending rate 5¾ per cent from September 12, 1994

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	1½	4	3¼	3¾	3½

Certs of Tax dep. under £100,000 is 1½pc. Deposits withdrawn for cash ½pc.
Ave. tender rate of discount 5.6236pc. ECGD fixed rate Stlg. Export Finance. Make up day Oct 31, 1994. Agreed rate for period Nov 26, 1994 to Dec 25, 1994, Schemes II & III 7.23pc. Reference rate for period Oct 1, 1994 to Oct 31, 1994, Schemes IV & V 5.866pc. Finance House Base Rate 6pc from Nov 1, 1994

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	93.75	93.72	-0.05	93.76	93.70	13665	135610
Mar	92.99	92.95	-0.06	92.99	92.93	14514	89700
Jun	92.36	92.35	-0.05	92.37	92.33	3199	56819
Sep	91.90	91.87	-0.06	91.90	91.86	2156	64353

Traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	Calls Dec	Calls Mar	Calls Jun	Puts Dec	Puts Mar	Puts Jun
9350	0.26	0.08	0.06	0.04	0.63	1.23
9375	0.09	0.03	0.04	0.12	0.83	1.44
9400	0.01	0.01	0.02	0.29	1.06	1.67

Est. vol. total, Calls 4815 Puts 5872. Previous day's open int., Calls 347993 Puts 231092

EMS EUROPEAN CURRENCY UNIT RATES

Nov 21	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Netherlands	2.19672	2.14657	+0.00105	-2.28	5.81	-
Belgium	40.2123	39.3913	+0.0193	-2.04	5.55	15
Ireland	0.808628	0.792450	-0.003671	-2.00	5.51	13
Germany	1.94964	1.91514	+0.00088	-1.77	5.26	-
France	6.53883	6.57206	-0.00091	0.51	2.87	-4
Denmark	7.43679	7.48640	-0.00114	0.67	2.71	-5
Portugal	192.854	195.328	+0.039	1.28	2.09	-9
Spain	154.250	159.491	+0.121	3.40	0.00	-24
NON ERM MEMBERS						
Greece	264.513	294.722	+0.055	11.42	-7.20	-
Italy	1793.19	1962.94	+1.59	9.47	-5.54	-
UK	0.786749	0.782939	-0.001806	-0.48	3.90	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu: a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	Calls Dec	Calls Jan	Calls Feb	Puts Dec	Puts Jan	Puts Feb
1.525	4.35	4.75	5.18	0.13	0.65	1.02
1.550	2.39	2.96	3.53	0.59	1.24	1.63
1.575	0.97	1.68	2.28	1.67	2.39	2.95
1.600	0.29	0.83	1.37	3.43	3.97	4.50
1.625	0.04	0.36	0.76	5.67	5.97	6.36
1.650	-	0.12	0.38	8.04	8.16	8.40

Previous day's vol., Calls 6,840 Puts 17,346 . Prev. day's open int., Calls 301,466 Puts 346,308

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	93.90	93.89	-	93.90	93.88	76,093	383,747
Mar	93.31	93.29	-	93.31	93.26	145,522	449,886
Jun	92.74	92.72	-	92.74	92.71	109,026	317,053

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	94.49	94.48	-	94.49	94.48	2,712	14,755
Mar	93.89	93.88	-	93.89	93.88	1,839	9,636
Jun	93.33	93.33	-0.02	93.33	93.33	118	2,479

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	Calls Dec	Calls Jan	Calls Feb	Calls Mar	Puts Dec	Puts Jan	Puts Feb	Puts Mar
9475	0.11	0.07	0.10	0.12	0.03	0.18	0.21	0.23
9500	0.01	0.02	0.04	0.04	0.18	0.38	0.40	0.40
9525	0	0	0.01	0.01	0.42	0.61	0.62	0.62

Est. vol. total, Calls 1001 Puts 3868. Previous day's open int., Calls 219128 Puts 201072

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	Calls Dec	Calls Mar	Calls Jun	Puts Dec	Puts Mar	Puts Jun
9600	0.06	0.06	0.22	0.06	0.36	0.85
9625	0.01	0.02	0.15	0.26	0.57	1.03
9650	0	0.01	0.09	0.50	0.81	1.22

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 2815 Puts 1615

BASE LENDING RATES

	%		%		%
Adam & Company	5.75	Duncan Lawrie	5.75	*Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	8
Allied Trust Bank	5.75	Exeter Bank Limited	6.75	Royal Bk of Scotland	5.75
AIB Bank	5.75	Financial & Gen Bank	6.5	●Smith & Williamson Secs.	5.75
●Henry Ansbacher	5.75	●Robert Fleming & Co	5.75	TSB	5.75
Bank of Baroda	5.75	Girobank	5.75	●United Bk of Kuwait	5.75
Banco Bilbao Vizcaya	5.75	●Guinness Mahon	5.75	Unity Trust Bank Plc	5.75
Bank of Cyprus	5.75	Habib Bank AG Zurich	5.75	Western Trust	5.75
Bank of Ireland	5.75	●Hambros Bank	5.75	Whiteaway Laidlaw	5.75
Bank of India	5.75	Heritable & Gen Inv Bk	5.75	Yorkshire Bank	5.75
Bank of Scotland	5.75	●Hill Samuel	5.75		
Barclays Bank	5.75	C. Hoare & Co	5.75		
Brit Bk of Mid East	5.75	Hongkong & Shanghai	5.75		
●Brown Shipley & Co Ltd	5.75	Julian Hodge Bank	5.75		
CL Bank Nederland	5.75	●Leopold Joseph & Sons	5.75		
Citibank NA	5.75	Lloyds Bank	5.75		
Clydesdale Bank	5.75	Meghraj Bank Ltd	5.75		
The Co-operative Bank	5.75	Midland Bank	5.75		
Coutts & Co	5.75	*Mount Banking	6		
Credit Lyonnais	5.75	NatWestminster	5.75		
Cyprus Popular Bank	5.75	●Rea Brothers	5.75		

● Members of London Investment Banking Association
* In administration

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Nov 21 / Sch)

BELGIUM/LUXEMBOURG (Nov 21 / Frs.)

DENMARK (Nov 21 / Kr)

FINLAND (Nov 21 / Mks)

FRANCE (Nov 21 / Frs.)

GERMANY (Nov 21 / Dm.)

ITALY (Nov 21 / Lire)

NETHERLANDS (Nov 21 / Fls.)

NORWAY (Nov 21 / Kroner)

SPAIN (Nov 21 / Pts.)

SWEDEN (Nov 21 / Kronor)

SWITZERLAND (Nov 21 / Frs.)

PACIFIC

JAPAN (Nov 21 / Yen)

Royal	1,470	....	1,770	1,060	....	....
Ryobi	581	-10	658	447	....	....
Sakura	1,290	-10	1,640	1,230	....	....
Sanden	652	-8	704	515	....	....
Sankyo	2,480	+10	2,860	2,110	0.4	....
Sanrio	1,300	+10	2,150	1,010	....	....
SnwaBk	1,880	-20	2,370	1,850	....	....
SnwaSh	896	-3	1,000	880	....	....
SnyoEl	584	-8	609	415	....	....
Spporo	901	-3	1,000	870	....	....
Secom	6,270	-100	7,280	6,270	0.8	....
SegaEn	5,170	-70	9,540	4,450	....	....
SeibuR	3,860	-70	4,850	3,370	....	....
SeinoT	1,850	....	1,920	1,580	0.6	....
SeiyoF	1,100	+30	1,390	1,050	....	....
Seiyu	1,260	-10	1,510	1,120	....	....
SekChm	955	-4	1,150	925	....	....
SekHse	1,130	..	1,490	1,050	1.6	....

AUSTRALIA (Nov 21 / Aust$)

North	3.22	+.01	4.15	3.05	—	—	
PacDun	3.67	-.03	5.92	3.55	6.1	—	
Pancon	1.70	—	2.15	1.38	—	—	
Pasminco	1.87	-	2.43	1.53	—	—	
Pionin	3.11	+	3.48	2.80	4.8	13.0	
PlaPac	3.60	-.08	4.25	2.49	6.7	—	
Plutnc	6.30	+.10	9.25	5.80	1.0	—	
PosGld	3.13	-.07	4.30	2.83	3.2	—	
PubBr	3.57	-.03	6.28	3.55	—	—	
QBE In	4.50	-	6.96	4.30	5.6	—	
QCT Rs	1.29	...	1.74	1.15	7.0	—	
RnsnGd	5.06	-.05	6.25	4.28	0.5	—	
Rothmn	5.17	+.02	5.25	4.82	—	—	
Santos	3.78	-.02	4.52	3.68	7.1	8.8	
SmthHw	5.68	-.02	7.10	5.65	5.3	—	
SonGwa	5.60xr	-.10	6.05	4.05	8.9	—	
Stnc'p	2.78	-.02	3.90	2.65	5.8	—	

HONG KONG (Nov 21 / H.K.$)

MALAYSIA (Nov 21 / MYR)

SINGAPORE (Nov 21 / S$)

NORTH AMERICA

CANADA

TORONTO (Nov 21 / Can $)

4 pm close

79309	Abitib	17¾	-⅜	$17¾	17¾	10721	Pgasus	17	-1¼	$18¼	d17
34712	AgnEag	14⅞	-⅛	$15¼	14⅞	20455	PetCan	11½	+⅛	$11½	11⅜
581800	AirCda	7⅞	-¼	$8	7⅞	12800	PhilEn	7⅛		$7⅛	7⅛
42138	AlbtaE	18⅞	-¼	$19⅛	18⅞	547551	PlDome x	28⅛	-⅜	$27⅛	26⅞
1000	AlbNtG	15	-⅛	$15	15	67300	PowrCp	18⅞	-⅛	$18⅞	18⅞
527437	AlcnAl x	33¼	-⅜	$34¼	33¼	9950	PowrFn	29		$29	28⅞
393575	AmBarr	30	-¼	$30¼	29⅞	485	Prvigo	485	-10	490	d485
10400	AtcoCl	14¼		$14¼	14⅛	5500	ReynkY	14⅝	-⅜	$15	14⅝
11075	Avenor	25	-⅛	$25¼	25	1800	RelamS	17		$17	17
13069	BCSupA	8½		$8⅝	8½	25	Rothmn	83		$83	83
9012	BC Tel	24⅝	-¼	$25	24⅝	200	RngOff	8¼	-⅛	$8⅜	8¼
348239	BCE	45⅝	-⅛	$46	45½	40600	ReedSt	27		$27	27
543	BCE Mb	43½		$43⅝	43½	173	Ren En	29⅞	+⅛	$29⅞	29⅛
6650	BGR A	14⅞	-⅛	$15	14⅞	104640	Repap	6	-⅛	$6⅛	5⅞
2000	Bmswk x	10⅞	+¼	$10¼	10⅞	57000	Rigel	15¾	-¼	$15⅝	d15¾
435455	BkMont	24⅝	-⅛	$24⅝	24½	5010	RioAlg x	24⅞	-½	$25¼	24⅞
140436	BkNovS	26⅞	-⅛	$27⅛	26⅞	8309	RogCmB	19⅞	-½	$20	19⅞
87936	BeauEx	190	+1	197	189	21470	RoyBkC	27⅞		$28⅛	27⅞
231699	BmbdrB	21	+⅜	$21	20⅞	194910	RoyOak	5	-⅛	$5⅛	5

MONTREAL (Nov 21 / Can $)

4 pm close

AFRICA

SOUTH AFRICA (Nov 21 / Rand)

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1994, except Toronto & Montreal (daily). ‖ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

FT FREE ANNUAL REPORTS SERVICE

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■ TOKYO - MOST ACTIVE STOCKS: Monday, November 21, 1994

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Itochu Cop	3.9m	740	-5	Konica	2.4m	766	-4
Nippon Paper	3.8m	741	-8	Toyota Motor	2.3m	2100	-20
Kubota Corp	3.6m	718	-2	Kawasaki Steel	2.1m	417	-2
Nippon Steel	3.0m	380	-3	Sharp	1.9m	1740	-40
Toshiba	2.9m	697	-11	Nishimatsu Const	1.9m	1010	-20

INDICES

Istanbul Cmp.(Jan 1986)	26800.4	27235.6	27001.3	28883.60 13/1		12880.70 24/3
WORLD						
MS Capital Int (1/1/70)§	621.0*	622.4	625.3	649.99 2/11		591.60 4/4
CROSS-BORDER						
Eurotrack 100(26/10/90)	1351.17	1344.08	1350.69	1540.19 31/1		1286.48 5/10
Euro Top-100 (26/6/90)	1194.35	1192.87	1192.53	1311.01 2/2		1136.49 5/10
JCapalDrgns (31/12/88)	(u)	332.61	335.36	395.19 5/1		280.28 21/3
Barings Emerg.(7/1/92)	(u)	177.24	179.69	191.79 26/9		141.85 21/4

■ CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Nov	1943.0	1935.5	+0.5	1946.0	1932.0	11,708	23,554
Dec	1951.0	1944.5	+0.5	1955.0	1942.0	1,977	26,023
Jan	1959.0	1952.5	+0.5	1959.0	1959.0	-	50

Open interest figures for previous day.

... values of all indices are 100 except: Australia All Ordinary ... CAC-40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & ... NYSE All Common - 50 and Standard and Poor's - 10. §§ ... Nov 18 - 2089.48 -2.48

US INDICES

Dow Jones	Nov 18	Nov 17	Nov 16	1994 High	1994 Low	Since compilation High	Since compilation Low
Industrials	3815.26	3826.05	3845.20	3978.36 (31/1)	3593.35 (4/4)	3978.36 (31/1/94)	41.22 (2/7/32)
Home Bonds	93.78	93.98	94.24	105.61 (21/1)	93.78 (18/11)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	1468.54	1475.29	1483.67	1862.29 (2/2)	1438.50 (6/10)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	174.47	175.72	176.64	227.06 (3/1)	174.47 (18/11)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 3844.87 (3868.06) Low 3773.21 (3797.77) (Theoretical♦)
Day's high 3826.70 (3849.24) Low 3784.98 (3808.87) (Actual♦)

Standard and Poors							
Composite ‡	461.47	463.56	465.80	482.00 (2/2)	438.92 (4/4)	482.00 (2/2/94)	4.40 (1/6/32)
Industrials♥	552.02	553.83	555.85	583.10 (28/10)	510.05 (21/4)	583.10 (28/10/94)	3.62 (21/6/82)
Financial	41.31	41.77	42.34	45.94 (14/6)	41.31 (18/11)	48.49 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	252.30	253.49	254.71	267.71 (2/2)	243.14 (4/4)	267.71 (2/2/94)	4.46 (25/4/42)
Amex Mkt Val	444.04	446.13	448.39	487.89 (2/2)	422.67 (28/6)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Cmp	764.67	765.84	769.64	803.93 (18/3)	693.79 (24/6)	803.93 (18/3/94)	54.87 (31/10/72)

■ RATIOS

	Nov 18	Nov 11	Nov 4	Year ago
Dow Jones Ind. Div. Yield	2.79	2.78	2.78	2.71
	Nov 16	Nov 9	Nov 2	Year ago
S & P Ind. Div. yield	2.38	2.39	2.39	2.38
S & P Ind. P/E ratio	19.03	20.93	20.95	28.88

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Dec	463.20	463.50	+0.30	463.80	463.00	79,846	206,911
Mar	-	466.40	-	-	-	4,610	35,677
Jun	-	470.50	-	-	-	332	4,515

Open interest figures are for previous day.

■ NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Close price	Change on day
Sports Auth	7,560,300	24	+5
Gen Motors	7,106,500	37⅝	-⅝
Wal-Mart	5,867,100	22⅛	+¼
Merck	4,846,300	37⅝	+⅝
Telefonos	4,361,300	50⅝	-⅝
AT&T	4,289,500	52½	—
RJR Nabisco	3,298,400	6¾	-⅛
Citicorp	2,752,600	43⅞	-⅛
Sunbeam	2,700,300	24	—
Wstn Co	2,300,000	18¼	+¼

■ TRADING ACTIVITY

● Volume (million)

	Nov 18	Nov 17	Nov 16
New York SE	358.695	323.188	296.973
Amex	17.064	16.288	15.132
NASDAQ	279.974	317.215	276.834
NYSE			
Issues Traded	2,923	2,932	2,920
Rises	794	743	1,035
Falls	1,408	1,462	1,208
Unchanged	721	727	677
New Highs	21	23	22
New Lows	219	204	163

† Correction. * Calculated at 15.00 GMT ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

4 pm close November 21

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1994 High	1994 Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
17 3/8	12 1/8	AAR	0.48	3.8	21	57	12 1/2	12 3/8	12 1/2	
18 1/8	12 5/8	A L Labs A	0.18	1.1	38	67	17 5/8	17 1/8	17 1/8	-1/2
79 3/8	57 5/8	AMP	1.68	2.4	21	3564	72	70 1/8	70 3/4	-1 3/8
72 3/4	48 1/8	AMR			107	3034	52 1/8	50 1/2	50 3/4	-1/8
5	3 3/8	ARX			12	95	3 3/8	3 1/4	3 3/8	
56 1/8	38 5/8	ASA x	2.00	4.4	29	1021	46 1/4	45 1/8	45 1/8	-1 5/8
33	25 3/8	AbbtL	0.76	2.4	17	6363	32 5/8	31 7/8	32 1/8	-1/4
15 1/4	11 3/8	Abitibi Pr	0.50	4.0	11	2038	13 1/8	12 1/2	12 1/2	-3/8
23 5/8	17 3/4	ABM Ind	0.52	2.6	12	30	20 1/2	20 1/4	20 1/4	-1/4
18	11 1/8	Acpincoln			10	112	14	13 5/8	13 5/8	-1/4
31	22	ACE Ltd	0.44	1.9	22	276	23 1/4	22 3/4	23	
12 1/2	9	ACM Gvt In x	1.09	12.0	8	837	9 1/4	d9	9 1/8	+1/8
10 1/8	6 7/8	ACM GvOpp x	0.80	11.0		23	7 3/8	7 1/4	7 1/4	-1/8
10 5/8	6 3/4	ACM Gvt Sp x	0.96	13.7		670	7	6 3/4	7	
12	7 5/8	ACM Gvt Sc x	1.09	13.7		1112	8 1/4	8	8	-1/8
11 3/4	7 3/8	ACM Man x	1.08	13.5		157	8 1/8	8	8	-1/4
9 1/4	8	ACM Managd x	0.72	8.9		124	8 1/4	8 1/8	8 1/8	-1/8
15 1/2	8 3/4	AcmeCly	0.44	4.0	22	275	11 1/4	10 7/8	10 7/8	-1/4
13 5/8	6 1/2	Acme Elect			13	171	13 1/8	12 5/8	12 5/8	-1/2
28 7/8	23	Acordia x	0.60	2.1	14	6	28 3/4	28 3/4	28 3/4	[illegible]
13 3/4	5 3/4	Actava	0.36	3.8	2	500	9 1/2	9 1/4	9 3/8	
18 3/8	11 1/4	Acuson			26	786	16 7/8	16 1/4	16 1/4	-1/2
18 3/8	15 7/8	Adams Expr x	0.68	4.2	0	276	16 1/4	16 1/8	16 1/8	
64	46 1/2	Ad Micro	3.00	5.6		36	55 7/8	54 1/2	55	+1/4
31 3/4	16 3/4	AdvMic	3.00	11.7	8	9165	26 1/8	25 1/2	25 5/8	+1/8
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4 pm close November 21

NYSE COMPOSITE PRICES

Continued from previous page

1994 High	1994 Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chg'ge Prev. Close
9½	4⅝	Salant Crp			10	2100	5	5	5	
49⅞	31¼	Sallie Mae	1.42	4.5	6	8885	33½	32¼	32¾	-⅞
13⅞	11¼	Salomon Br	0.34	3.3	23	360	11⅛	d11¼	11⅜	+⅛
52¾	37	Salomn	0.64	1.7	23	1475	37⅞	d37	37⅛	-¼
25	17½	SnDgGE	1.52	7.9	16	481	19⅝	19⅛	19⅛	-⅛
10	7½	SantaFeERs	0.16	1.8	9	1632	8⅞	8⅝	8⅞	+¼
17⅞	13½	StFeGd			40	9916	13¾	d13½	13⅝	-⅛
33¼	31⅜	SFePPipe	2.80	8.6	8	82	32½	32¼	32½	+⅛
26¼	17⅞	SanFeP	0.10	0.6	131	14422	16½	16⅛	16¼	-⅛
26	19⅜	SaraLee	0.66	2.7	53	5018	25¼	24¾	24¾	-⅝
50⅛	41	Scana Corp	2.82	6.8	12	118	41½	41¼	41¼	-⅛
20½	12½	Scecorp	1.00	7.5	8	3094	13½	13¼	13½	
44⅝	31¾	SchererRP			28	124	43	41⅞	42⅝	+¾
75½	54½	SchPl	2.04	2.7	15	2431	75	74⅜	74⅜	-⅜
63	50¾	Schlmb	1.20	2.2	26	4155	55⅞	54⅞	54⅞	
37	23¾	SchwabC	0.28	0.9	14	1123	33¼	32⅝	32⅜	-½
10¾	6⅛	Schwitzer			7	435	8¼	7⅞	7⅞	-¼
22⅝	12	SciAtl	0.06	0.3	40	1009	22⅞	21⅛	21⅛	-¾
18¼	13	Scimitar	0.10	0.6	12	21	17⅛	17	17	
67⅞	27¼	ScottP	0.80	1.2	20	3400	66⅞	66⅛	66½	+¾
29⅝	18⅝	ScudNAsF	0.21	0.9		94	23⅜	23⅛	23⅜	+¼
12⅝	9⅛	ScudNEuF	0.16	1.7		330	9⅜	d9⅛	9¼	-⅛
16¼	13½	SeaCoB	0.70	5.0	8	2	13⅞	13⅞	13⅞	+¼
16½	14¼	SeaCt 4625	1.46	9.7		4	15⅛	15	15⅛	+⅛
32⅝	26¼	Seagram	0.60	2.1	22	1332	28⅞	28⅜	28½	-⅛
29¾	20¼	Seagull En			36	918	21½	21⅛	21⅝	
38¼	26⅝	Sealed Air			21	138	35⅞	35½	35⅞	+½
56⅛	42⅛	SearsR	1.60	3.3	14	5740	50¼	48⅝	48¾	-1¼
13¾	9¾	Sehgm Sel	0.84	8.2		140	10½	10¼	10¼	-¼
39¼	26	Sensormat	0.22	0.6	28	298	35⅛	34¼	34½	-½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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AMEX COMPOSITE PRICES

4 pm close November 21

Stock	Div.	P/ E	Sls 100s	High	Low	Close	Chng
Champion		10	214				-⅜
CircPh	0.04	20	1416	16⅝	16¼	16¼	
Cntrl FdA	0.01		17	4 1/16	d4⅞	4⅞	
Cominco	0.30	21	20	18¼	18¼	18¼	
Computrac		1	80	15/16	⅞	⅞	
HarDir		22	808	4⅛	3⅞	4	-1/16
Hasbro	0.28	15	1848	30⅞	30¼	30½	+⅛
Health Ch		18	2	2⅝	d2⅝	2⅝	
Olsten x	0.24	21	683	32½	31¾	32	+¼
Pegasus G	0.10	8	3939	13⅛	d12¼	12⅜	-¾
Worthen	0.60	10	32	26⅝	25¾	25⅞	-⅞
Xytronix		3	17	4	3 13/16	3⅞	-1/16

NASDAQ NATIONAL MARKET

4 pm close November 21

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AMERICA

Dow unable to make progress at midsession

Wall Street

US share prices were mixed yesterday as the market continued to be unsure about the extent of inflationary pressures and the possibility of another interest rate increase by the Federal Reserve, *writes Lisa Bransten in New York.*

By 1 pm the Dow Jones Industrial Average was flat at 3,815.26. The more broadly traded Standard & Poor's 500 was up 0.15 at 461.61, while the American Stock Exchange composite lost 0.73 at 443.31. The Nasdaq composite was up 1.00 at 765.67. Trading volume on the NYSE was 164m shares.

The market made early gains on the heels of a slightly stronger dollar as investors looked for any economic data that might affect the markets. Little important data is expected this week, which will be cut short by Thursday's Thanksgiving holiday. The market will be open only until 1 pm on Friday, which is traditionally one of the slowest days of the year.

Also holding prices down was continued uncertainty about economic conditions. In spite of the Federal Reserve's larger-than-expected increase in the interest rate last week, most economists believe the Fed will boost rates again later this year or early in 1995. Such a move would be expected to hurt share prices by making borrowing more expensive and ultimately putting pressure on corporate earnings.

Shares of several major cyclical companies showed declines yesterday morning. Caterpillar fell $1½ at $55⅞, DuPont lost $¼ at $55 and Dow Chemical was off $¼ at $65¾.

Conseco, the insurer, gained $3¾ at $40⅝ after a proposed merger with Kemper fell apart. Kemper, which said it was still for sale, fell $6 at $42⅝.

Chiron, the biotech company, gained $3 at $80¾ on news that it had signed an agreement to form a partnership with Ciba, the Swiss pharmaceutical company. Under the proposed alliance, Ciba-Geigy would pay an unexpectedly-high $117 per share for just over 37 per cent.

Major high-tech companies gained yesterday morning: IBM up $½ at $73⅝, Digital Equipment $1¼ at $36⅝. Compaq Computer $⅝ at $40, Texas Instruments $⅝ at $79⅝, Unisys $⅛ at $10⅝ and Microsoft, which trades on the Nasdaq, $⅛ at $64½. Hewlett-Packard lost $⅜ at $99⅞ and Apple Computer shed $½ at $39½.

Canada

Toronto stocks were lower in dull midday trading with dealers expecting a weak close due to sharp losses in precious metals.

The gold sector was off 153.44 at 9,179.89, extending earlier losses on lower bullion prices.

The TSE 300 index was off 9.86 at 4,104.67 in volume of 19.8m shares. Declining stocks outpaced advancing issues 348 to 1991, with 277 unchanged.

Placer Dome was the most active gold issue, down C$½ to C$26⅞ on 305,335 shares.

Potash Corp of Saskatchewan was the top gainer, up C$2⅞ at C$46 after announcing a potash sale to China.

Golds lead S Africa lower

Gold and other mining shares in Johannesburg reacted to a decline in the price of bullion, with volume light, but late demand lifted prices off their lows, Reuter reports.

Industrials finished steady as the sector shrugged off lower world markets and a number of dividend payments from major companies.

Traders said the undertone in industrials was firm and prospects in coming weeks remained steady, largely because of seasonal interest in December. They added that the industrial market was likely to move higher in the short term as institutions stocked up ahead of the Christmas break and amid foreign interest.

The overall index ended 22.4 down at 5,901.8, industrials slipped just 4.3 to 6,942.9 and the gold shares index dropped 34.6 to 2,104.2.

Banking stocks were firm again amid a lack of scrip and following recent good results and bullish prospects.

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1994	Start of 1994	Start of 1994
Austria	-0.35	+1.13	-7.62	-14.00	-9.61	-4.14
Belgium	+0.18	+1.10	-4.58	-9.55	-3.52	+2.32
Denmark	+2.31	-0.20	-5.32	-9.53	-4.63	+1.15
Finland	+0.60	-0.09	+25.89	+27.58	+46.55	+55.42
France	-1.03	+4.12	-8.89	-14.08	-10.37	-4.94
Germany	+0.93	+3.16	-2.41	-9.03	-4.14	+1.67
Ireland	+1.00	+1.13	+4.83	-0.22	+3.23	+9.49
Italy	+0.94	+4.72	+19.02	+5.68	+7.07	+13.56
Netherlands	+0.27	+1.93	+1.16	-4.37	+0.58	+6.66
Norway	+1.71	-1.16	+0.54	-1.02	+3.18	+9.43
Spain	+1.45	+3.79	-4.01	-8.02	-4.20	+1.60
Sweden	+3.35	+3.38	+8.93	+8.33	+16.14	+23.18
Switzerland	+0.56	+3.84	-2.86	-10.02	-4.22	+1.58
UK	+1.74	+3.14	+0.51	-8.16	-8.16	-2.59
EUROPE	+0.98	+3.18	-0.58	-7.64	-4.73	+1.05
Australia	-1.34	-5.64	-8.08	-10.66	-5.89	-0.19
Hong Kong	+0.19	+0.56	+0.39	-22.19	-26.67	-22.23
Japan	+0.33	-3.46	-2.51	+5.25	+12.42	+19.23
Malaysia	+2.71	-5.58	+12.12	-16.28	-17.12	-12.10
New Zealand	-0.85	-0.03	+2.41	-0.62	+4.51	+10.84
Singapore	+0.91	-0.96	+15.78	-2.32	+0.86	+6.97
Canada	-0.97	-4.32	+0.13	-1.65	-10.16	-4.72
USA	-0.17	-0.58	+0.00	-0.62	-6.30	-0.62
Mexico	-3.66	-11.64	+10.84	-7.75	-21.74	-17.00
South Africa	+1.22	+2.57	+42.62	+21.39	+19.11	+26.33
WORLD INDEX	+0.26	-0.71	-0.42	-1.82	-1.53	+4.44

† Based on November 18th 1994.

EUROPE

UBS pressured ahead of shareholders meeting

The Continent was steady yesterday.

ZURICH looked to the firm dollar to provide some support for industrials, but UBS and Ciba shares found themselves under pressure. The SMI index picked up just 0.5 to 2,607.0.

UBS bearers fell SFr15 to SFr1,185 and the registered were SFr1 lower at SFr279 as the market braced itself for today's crunch extraordinary shareholders meeting on the bank's plan for a unified share structure. The premium on the registered stock has slipped to 17.7 per cent, from the 34.4 per cent seen on September 29, when battle lines were drawn with Mr Martin Ebner's BK Vision.

Ciba registered weakened SFr13 to SFr757 following the news that it was lifting to 49.9 per cent its stake in Chiron, the US biotechnology company, amid uncertainty about the longer term benefits of the deal for Ciba.

Renewed profit-taking left Swiss Re SFr9 lower at SFr788, but Roche certificates picked up SFr35 to SFr5,900.

PARIS confirmed the pattern of dull trading, with the CAC 40 index struggling to make a rise on the day of 1.33 to 1,927.83. Turnover was around FFr3bn.

Renault remained at the forefront of activity following its debut on the bourse last week, with more than 2m shares changing hands, but the stock closed unchanged at FFr181. Peugeot remained under pressure, losing FFr16 at FFr785.

LVMH was one of the strongest of the day's offerings, up FFr11 to FFr847, following the announcement at the end of last week that it was reducing its stake in Guinness, of the UK.

Générale des Eaux receded FFr4.40 to FFr496.60 after slightly disappointing nine-month figures.

FRANKFURT failed to make much headway as the market awaited domestic M3 data sometime this week and a meeting of the Bundesbank on Thursday. In addition, the closure of both the Japanese and US markets, on Wednesday and Thursday respectively, is viewed as a disincentive.

The Dax index rose 5.05 in official hours to 2,105.28, but then crawled backwards in the post-bourse to 2,097.20.

The chemicals sector attracted interest ahead of interim results due to be announced later in the week. BASF, wisth figures due on Thursday, put on DM1.20 at DM313.80, Hoechst struggled to a 10-pfennig gain at DM324.10, and Bayer went in the opposite direction, losing DM1.60 at DM342.00.

VW was among the strongest stocks, up DM6.70 at DM467.50, helped by dollar strength and in spite of criticisms levelled against the management style of Mr Ferdinand Piech, the chairman.

Elsewhere in the sector, performance was miserable: BMW shed DM3.50 to DM783.00 and Porsche DM4 to DM695.

MILAN remained driven by politics and budgetary concerns. The slump in the popularity of Mr Silvio Berlusconi's Forza Italia party in the weekend's regional elections was viewed as positive, since it reduced the chances of a snap general election.

However, the successful passage of the 1995 budget through the lower house of parliament during the day only drew attention to the pitfalls it faces in the Senate, where the coalition government has no overall majority and will have to rely on the support of opposition parties.

The Comit index picked up 5.05 to 648.64, but some late weakness was reflected in the real-time Mibtel index, which finished 36 ahead at 10,374, off a day's high of 10,401.

Montedison fell L23 to L1,197 in heavy turnover, driven by speculation about further restructuring.

Credito Italiano picked up L18 to L1,715 as its L2,000bn bid for control of Credito Romagnolo remained in play. Romagnolo ended L28 down at L16,867, but off a low of L16,700. Ras, whose L2,300 capital increase is under way, saw its stock recoup L124 at L15,122 after last week's sharp losses.

AMSTERDAM gained ground on general strength throughout the Continent, but enthusiasm was limited. The AEX index rose 1.34 to 411.19, having traded in a narrow range throughout the session.

EVC International, a PVC joint venture between ICI, of the UK, and Enichem, of Italy, ended the session at Fl 78.10, against a flotation price of Fl 77.00, in reasonable volume of an estimated 125,000 shares.

ING added Fl 1.00 at Fl 79.20 ahead of nine-month results due out later this week.

STOCKHOLM was higher on stable debt yields, a stronger dollar and the remnants of the positive momentum established last week by the "yes" vote in the EU referendum.

The Affärsvärlden general index rose 13.5 to 1,520.0.

The index for the building and property sector jumped 3.3 per cent on hopes of a surge in new construction projects. Skanska B climbed SKr7 to SKR176.50, while NCC B rose SKr4 to SKr74.50.

The forestry index climbed 2.1 per cent as SCA B gained SKr4 at SKr119, while Modo B climbed SKr9 to SKr343.

Volvo B rose SKr2.50 to SKr147.50 as the company said it planned to raise research and development spending to about SKr9bn.

WARSAW tumbled 4.9 per cent on a lack of confidence that the market was bottoming out of its recent drop. The Wig index lost 349.3 at 7,190.6 as traders warned that the market was likely to continue to slide towards support at 6,716.

Some dealers, however, took heart that turnover fell by 31 per cent to 338bn zlotys, indicating investors' reluctance to sell at currently depressed prices.

Written and edited by John Pitt and Michael Morgan

FT-SE Actuaries Share Indices

Nov 21 — THE EUROPEAN SERIES

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1351.44	1351.73	1351.45	1351.66	1351.88	1350.88	1351.61	1351.17
FT-SE Eurotrack 200	1411.65	1411.75	1412.40	1411.76	1411.78	1411.24	1412.04	1411.82

	Nov 18	Nov 17	Nov 16	Nov 15	Nov 14
FT-SE Eurotrack 100	1344.08	1350.69	1358.69	1354.70	1347.63
FT-SE Eurotrack 200	1405.91	1412.93	1421.32	1415.93	1403.12

Base 1000 (26/10/90). High/day: 100 - 1352.22; 200 - 1412.61 Low/day: 100 - 1350.41 200 - 1410.98 † Partial

ASIA PACIFIC

Further drop in Sony depresses investor confidence

Tokyo

A further decline in Sony, the consumer electronics maker, depressed investor confidence, and the Nikkei 225 average lost ground on small-lot selling, *writes Emiko Terazono in Tokyo.*

The index ended 180.84 down at the day's low of 19,121.72. It rose just after the opening to the session's peak of 19,315.16, but profit-taking by institutional and overseas investors later hit share prices.

Volume was 177.6m shares, the lowest since November 7. Traders said investors grew increasingly pessimistic as the Nikkei approached 19,111.92, the closing price for March 31 which has become a psychological support level.

Investors are also wary of interim earnings announcements by commercial banks this Thursday. "Investors fear that share prices will repeat last year's plunge following banks' profit reports, and are looking to cash their stocks," said Mr Yasuo Ueki at Nikko Securities.

The Topix index of all first section stocks fell 11.09 to 1,512.38, while the Nikkei 300 lost 2.08 at 277.65. Declines overwhelmed advances by 726 to 234, with 205 issues unchanged. But in London the ISE/Nikkei 50 index edged up 0.71 to 1,238.94.

Sony, which dropped 5.3 per cent on Friday following reports of its write-off of losses stemming from its entertainment business, shed a further Y250 or 4.6 per cent to Y5,230. Other consumer electronics companies were also lower, Sharp weakening Y40 to Y1,740 and Matsushita Electric Industrial, which owns MCA, the US movie studio, Y10 to Y1,530.

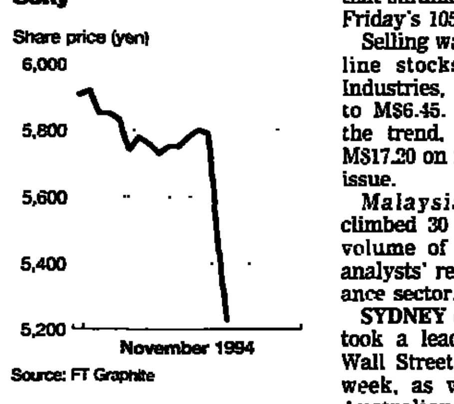
Bargain hunting supported Mitsubishi Estate, the 80 per cent stakeholder of the US Rockefeller Group. The company, which met profit-taking last week due to reports that Rockefeller Center may default on its mortgage payments, rallied Y20 to Y1,070 on buy-backs.

Sumitomo Metal Mining, supported by strong metal prices last week, dipped Y20 to Y917 on profit-taking. Steel issues were easier.

Some brokers were lower on earnings fears due to the stagnant trading volumes. Yamaichi Securities retreated Y14 to Y696 and Daiwa Securities fell Y30 to Y1,240, but Nomura held at Y1,930.

In Osaka, the OSE average *slipped 123.92 to 21,332.04* in volume of 32.4m shares.

Sony



Source: FT Graphite

Roundup

Turnover was generally low among the region's markets, with a number still worried about the effect of higher interest rates on equity performance.

HONG KONG fell 1.3 per cent amid worries about the impact of rising US and local interest rates on property prices. The Hang Seng index lost 124.20 at 9,303.24, erasing last week's 59.59 gain, while the property sub-index sank 343.52 or 2.0 per cent to 16,518.90.

Among property issues, Sun Hung Kai Properties declined HK$1.75 to HK$54.75, Cheung Kong 80 cents to HK$36 and Henderson Land HK$1.30 to HK$48.60.

Turnover totalled a preliminary HK$2.4bn, down from HK$3.6bn on Friday.

SINGAPORE retreated 1.4 per cent, led by selling of some index stocks in a market worried about the possibility of higher interest rates. The Straits Times Industrial index fell 32.68 to 2,321.99 and the UOB OTC index, tracking Malaysian stocks, shed 9.55 to 1,171.80.

KUALA LUMPUR drifted to a lower close in idle trade as investors adopted a wait-and-see attitude amid lack of fresh leads. The composite index eased 3.50 to 1,045.38 in volume that shrank to 73m shares from Friday's 105m.

Selling was mostly in second-line stocks, led by Granite Industries, which fell 30 cents to M$6.45. YTL Corp bucked the trend, rising 70 cents to M$17.20 on rumours of a bonus issue.

Malaysian Assurance climbed 30 cents to M$6.30 in volume of 3.9m shares amid analysts' rerating of the insurance sector.

SYDNEY declined as equities took a lead from the fall on Wall Street at the end of last week, as well as the firmer Australian dollar. The All Ordinaries index slid 12.5 to 1,909.5, its lowest level since September 16, 1993. Volume amounted to 132.8m shares worth A$300m.

The Australian dollar closed at a 2½-year high, with dealers expecting *it to break* 76 US cents overnight for the first time since June 1992.

Analysts commented that the rising Australian dollar was not good for the stock market, especially resource shares. BHP receded 8 cents to A$18.92, CRA 22 cents to A$17.18 and WesternMining 11 cents to A$7.35.

In the media sector, which *closed 2.1 per cent down* overall, News Corp fell 14 cents to A$5.30 and John Fairfax 7 cents to A$2.71.

Among banks, National Australia declined 8 cents to A$10.50 and Commonwealth 9 cents to A$7.25.

TAIPEI was driven down by selling in the last few minutes of trading and the weighted index lost 45.06 at 6,404.62. Turnover was a thin T$31.8bn.

Buying was seen in industrials such as textiles, foods and plastic shares, but late profit-taking left textiles as the only gainers. *Buying in textiles* was triggered by expectations of an industry recovery, with the most active issue Shinkong Synthetic Fibres, up 30 cents to T$30.50, followed by Hualon, which rose 80 cents to T$20.90.

Hopes of an announcement by China Steel that it planned to raise steel product prices for 1995 boosted minor buying in steel stocks, but they soon fell back as the impact was discounted.

BANGKOK fell as market sentiment remained depressed, but scattered buying by mutual funds and possibly some foreign investors left the index above the day's low.

The SET index lost 16.90 or 1.2 per cent at 1,440.59, with just Bt4bn worth of shares traded. The finance sector was the worst hit and also the most actively traded, falling 2.1 per cent on turnover of Bt587.8m.

New listing Thai Rung Union finished at Bt114, against an *IPO price of Bt102, and was the* most active stock.

TelecomAsia was actively traded ahead of the December subscription for 25m shares reserved for Telephone Organisation of Thailand employees from TA's initial public offering one year ago. The shares are not expected to trade until after January. TA was unchanged at Bt83.

SEOUL edged lower after a consolidation among the blue chips took its toll, although domestic, consumption-related shares gained broadly. The composite index lost 0.50 at 1,117.08, off a day's high of 1,126.26.

WELLINGTON was pressured by a number of heavyweight stocks going ex-dividend. The NZSE-40 capital index fell 21.64 to 2,031.22.

Lion Nathan continued its downward drift, losing 10 cents at NZ$2.90, a low for the year. Port of Tauranga gained 6 *cents at NZ$1.22 after reporting* better than expected earnings.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	FRIDAY NOVEMBER 18 1994 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	THURSDAY NOVEMBER 17 1994 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	Year ago (approx)
Australia (68)	166.56	0.9	157.37	103.73	134.56	146.09	0.1	3.90	164.99	155.38	102.36	132.78	145.91	169.15	149.36	158.19
Austria (16)	177.33	-0.3	167.55	110.44	143.26	143.22	0.1	1.14	177.92	167.55	110.38	143.18	143.08	198.89	167.46	174.74
Belgium (35)	166.43	-0.3	157.26	103.65	134.45	131.16	0.1	4.21	166.95	157.22	103.57	134.36	131.05	177.04	161.70	153.75
Brazil (28)	179.18	-3.1	169.30	111.59	144.75	275.73	-2.7	0.75	184.92	174.15	114.72	148.82	283.37	-	-	-
Canada (103)	129.38	-0.7	122.25	80.58	104.52	128.04	-0.5	2.67	130.31	122.71	80.84	104.87	128.68	145.31	120.54	133.67
Denmark (33)	250.04	-0.3	236.25	155.72	201.99	206.69	0.1	1.44	250.88	236.27	155.64	201.91	206.54	275.79	230.27	236.30
Finland (24)	191.48	-1.0	180.92	119.25	154.69	191.02	-0.9	0.74	193.50	182.22	120.04	155.72	192.75	201.41	116.85	124.37
France (102)	167.26	-0.7	158.04	104.17	135.12	140.03	-0.3	3.06	168.37	158.56	104.45	135.50	140.46	185.37	159.34	165.01
Germany (58)	142.58	-0.5	134.72	88.80	115.18	115.18	-0.1	1.80	143.29	134.94	88.90	115.32	115.32	150.40	128.37	132.69
Hong Kong (56)	380.55	-1.0	359.57	237.01	307.44	377.74	-1.0	3.17	384.34	361.95	238.44	309.32	381.53	506.58	341.29	379.10
Ireland (14)	202.79	-0.9	191.60	126.29	163.82	184.78	-0.8	3.46	204.68	192.75	126.98	164.72	186.30	216.60	172.05	175.37
Italy (59)	77.89	1.5	73.59	48.51	62.92	92.67	1.9	1.70	76.70	72.23	47.59	61.73	90.97	97.78	57.98	62.46
Japan (468)	155.15	-0.7	146.59	96.62	125.34	96.62	-0.3	0.80	156.27	147.17	96.95	125.77	96.95	170.10	124.54	146.33
Malaysia (97)	519.97	-0.4	491.30	323.84	420.07	513.86	-0.3	1.83	521.86	491.46	323.76	420.00	515.49	621.63	430.71	466.59
Mexico (18)	1981.70	-1.4	1872.41	1234.18	1600.92	7480.07	-1.4	1.37	2009.77	1892.67	1246.83	1617.43	7584.02	2647.08	1696.28	1984.69
Netherland (19)	212.38	-0.9	200.67	132.27	171.58	168.79	-0.5	3.42	214.31	201.82	132.95	172.47	169.68	223.30	187.01	190.40
New Zealand (14)	75.27	0.6	71.12	46.88	60.81	64.06	0.3	4.53	74.81	70.45	46.41	60.21	63.86	77.59	61.27	64.83
Norway (23)	*196.58*	*0.0*	*185.73*	*122.42*	*158.80*	*181.51*	*0.3*	*1.82*	*196.65*	*185.20*	*122.00*	*158.26*	*180.88*	*211.74*	*165.52*	*179.02*
Singapore (44)	393.16	-0.9	371.48	244.86	317.63	266.19	-1.1	1.59	396.70	373.59	246.11	319.27	269.01	401.38	294.66	312.69
South Africa (59)	337.49	0.4	318.87	210.18	272.64	304.06	-0.4	2.12	336.14	316.56	208.54	270.52	305.27	342.00	205.55	227.63
Spain (38)	141.58	0.1	133.77	88.18	114.38	138.78	0.5	4.22	141.39	133.16	87.72	113.79	138.16	155.79	128.88	138.59
Sweden (36)	241.88	0.5	228.55	150.64	195.41	262.50	0.3	1.52	240.70	226.67	149.33	193.71	261.56	242.66	175.83	196.46
Switzerland (47)	162.67	-0.9	153.70	101.31	131.41	132.67	0.2	1.83	164.19	154.63	101.86	132.14	132.41	176.56	146.04	146.39
Thailand (46)	171.62	-1.8	162.15	106.88	138.64	166.58	-1.8	2.09	174.69	164.51	108.37	140.58	169.59	-	-	-
United Kingdom (204)	199.73	-0.2	188.71	124.39	161.35	188.71	0.1	4.07	200.16	188.49	124.18	161.09	188.49	214.96	181.11	187.04
USA (515)	188.73	-0.4	178.32	117.54	152.46	188.73	-0.4	2.90	189.56	178.52	117.60	152.56	189.56	196.04	178.95	188.72
Americas (664)	176.29	-0.5	166.57	109.79	142.42	146.54	-0.5	2.83	177.20	166.88	109.93	142.61	147.27	-	-	-
Europe (708)	171.35	-0.3	161.90	106.72	138.43	152.45	0.1	3.07	171.89	161.87	106.64	138.33	152.33	178.58	154.79	158.09
Nordic (116)	229.77	0.0	217.10	143.10	185.62	214.02	0.1	1.38	229.75	216.36	142.53	184.90	213.87	233.91	173.19	187.15
Pacific Basin (793)	164.62	-0.7	155.55	102.53	133.00	107.16	-0.4	1.14	165.71	156.06	102.81	133.36	107.56	176.66	134.79	155.04
Euro-Pacific (1501)	167.35	-0.5	158.12	104.22	135.19	126.01	-0.2	1.98	168.20	158.40	104.35	135.36	126.23	175.14	143.88	166.19
North America (618)	185.05	-0.5	174.84	115.25	149.49	184.67	-0.4	2.89	185.89	175.06	115.32	149.60	185.39	192.73	175.67	185.30
Europe Ex. UK (504)	152.53	-0.4	144.12	94.99	123.22	131.25	0.1	2.47	153.09	144.17	94.98	123.21	131.16	159.12	135.94	139.41
Pacific Ex. Japan (325)	256.10	-0.3	241.98	159.50	206.90	226.06	-0.6	2.88	256.96	241.99	159.42	206.80	227.34	296.21	232.54	239.10
World Ex. US (1709)	169.15	-0.5	159.82	105.35	136.65	128.66	-0.2	1.98	170.05	160.14	105.50	136.85	128.95	176.65	145.58	157.44
World Ex. UK (2020)	172.19	-0.5	162.70	107.24	139.11	143.04	-0.3	2.11	173.11	163.02	107.39	139.31	143.53	178.59	155.98	164.92
World Ex. Japan (1756)	*186.83*	*-0.4*	*176.52*	*116.35*	*150.93*	*177.13*	*-0.3*	*2.91*	*187.59*	*176.66*	*116.38*	*150.97*	*177.64*	*196.20*	*176.34*	*179.55*
The World Index (2224)	174.62	-0.5	164.99	108.75	141.07	147.12	-0.3	2.30	175.48	165.26	108.87	141.23	147.57	180.80	158.85	166.88

Constituent change with effect 22/11/94: Name change: Royal Belge 'A' to Royal Belge (V V P R) (Belgium). Latest prices were unavailable for this edition.